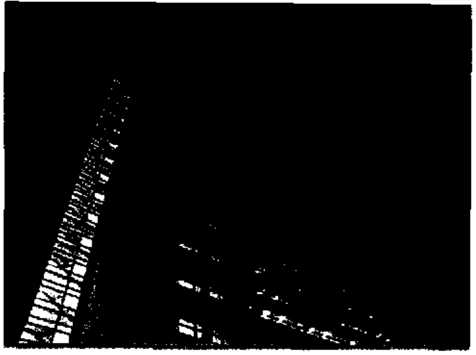
City Service Area
Strategic Support



Primary Partners

Finance
General Services
Human Resources
Information Technology
Public Works
Retirement Services

Mission: *To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.*

The Strategic Support CSA has ownership and responsibility for leading and managing the city organization that facilitates the innovative and efficient delivery of services and programs to customers. This CSA develops and enables strategies that facilitate the City Council's vision for the community. The strategic support elements of the CSA promote the organization's business goals by:

- Recruiting and developing a high performing workforce;
- Building and maintaining the capital assets of the organization;
- Providing effective state-of-the art technologies as a resource for staff and customers; and
- Securing and managing the fiscal resources required to deliver services and programs.

Through these collective efforts, partners in this CSA provide the leadership, direction and resources required to modernize the organization while at the same time sustaining and continuing to enhance the quality of life for the entire community of San José.

CSA OUTCOMES

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

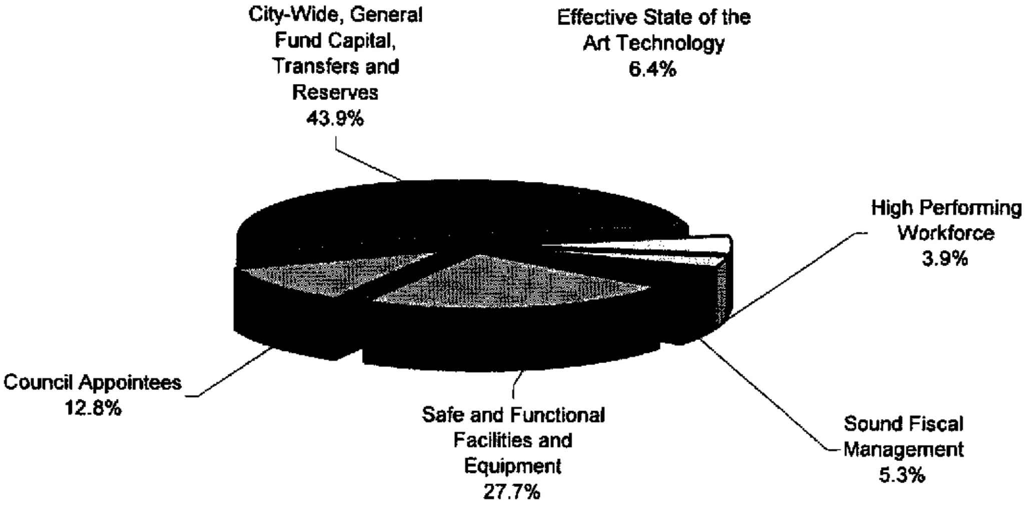
Budget at a Glance

	2005-2006 Adopted	2006-2007 Adopted	% Change
Total CSA Budget (All Funds)	$270,959,581	$344,054,387	27.0%
Total Authorized Positions	1,053.30	1,064.63	1.0%

Budget & Performance Highlights

- The establishment of funding to address critical city-wide technology and enterprise needs ($3.5 million) and the facility infrastructure maintenance backlog ($1.0 million) was approved.
- Contracting-in some fleet and facilities maintenance activities will add new positions and result in a more cost-effective service delivery method than the use of contractual services.
- Council has directed staff to implement comprehensive procurement reforms, including the centralization of procurement for professional services. Funding for two positions and e-procurement software was approved in this budget to assist in achieving this goal.
- Funding for the implementation of a comprehensive workforce planning and diversity strategy is included in this budget to develop current employees for succession and to attract the next generation of workers to the public sector.

2006-2007 Total Operations by Outcome



City Service Area Budget Summary

Dollars by Core Service	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Administer Retirement Plans	$ 1,868,704	$ 2,399,310	$ 2,702,407	$ 2,790,001	16.3%
Debt and Risk Management	989,609	1,234,307	1,353,100	1,353,100	9.6%
Disbursements	1,535,545	1,642,336	1,780,719	1,780,719	8.4%
Employee Benefits	1,832,966	1,877,615	1,875,892	1,875,892	(0.1%)
Employment Services	997,431	1,126,922	1,236,523	1,236,523	9.7%
Facilities Management	11,014,096	16,632,046	19,785,519	20,030,748	20.4%
Financial Reporting	1,430,387	1,569,819	1,662,725	1,662,725	5.9%
Fleet & Equipment Services	14,742,290	15,952,776	17,656,175	17,383,675	9.0%
Health and Safety	3,103,647	3,218,435	3,489,019	3,451,754	7.2%
Manage and Support the Info. Tech. Infrastructure	6,356,805	8,144,656	7,993,856	8,724,856	7.1%
Performance Development	266,485	195,421	498,344	701,179	258.8%
Plan, Design and Construct Public Facilities and Infrastructure	29,013,624	28,832,493	31,035,958	30,565,505	6.0%
Provide Enterprise Tech. Systems and Solutions	5,088,535	4,482,614	6,173,773	6,371,705	42.1%
Purch. And Mat'l Management	2,534,338	2,471,805	2,806,324	3,082,002	24.7%
Revenue Management	4,503,418	5,243,438	5,330,183	6,072,735	15.8%
Support Departmental Technology Services	2,908,573	1,934,071	2,042,947	2,042,947	5.6%
Strategic Support	17,039,590	15,890,275	14,953,027	15,197,410	(4.4%)
Total Strategic Support CSA	**$105,226,043**	**$112,848,339**	**$122,376,491**	**$124,323,476**	**10.2%**
MAYOR, CITY COUNCIL AND APPOINTEES	**$ 30,818,484**	**$ 34,881,990**	**$ 36,896,003**	**$ 37,984,732**	**8.9%**
Other Programs					
City-Wide Expenses	$ 36,128,429	$ 54,814,551	$ 39,996,589	$ 57,477,031	4.9%
General Fund Capital, Transfers and Reserves	7,782,373	68,414,701	73,257,562	124,269,148	81.6%
Subtotal	**$ 43,910,802**	**$ 123,229,252**	**$ 113,254,151**	**$ 181,746,179**	**47.5%**
Total Strategic Support	**$179,955,329**	**$270,959,581**	**$272,526,645**	**$344,054,387**	**27.0%**
Authorized Positions	**1,074.45**	**1,053.60**	**1,051.58**	**1,064.63**	**1.0%**

Current Position *How are we doing now?*

- Over the past four years Strategic Support functions were reduced significantly, adversely impacting the CSA's ability to effectively provide equitable support to an organization of this complexity and size. These reductions are beginning to affect other CSA's provision of direct services to the community.
- General Services has initiated work with City Hall building tenants to identify opportunities to increase their comfort and productivity in the new building. While this is underway, facility staff is addressing warranty and maintenance items while completing building commissioning appropriately.
- Demand for meeting and event support continues to run high at City Hall. In order to adjust to and accommodate this high level of activity, General Services has redeployed resources that are intended to support maintenance. General Services will track this service to help identify any long term effect this may have in higher costs associated with contractual maintenance, increased cycle times, and increases in deferred maintenance.
- Completion of City Hall represented a unique opportunity to improve performance and reliability for network technology. This facility supports an effort to transform the City into an organization which operates under customer-centric service delivery model. As staffing levels continue to decrease while workload for the City's Information Technology resources continues to expand, service delivery levels are being negatively affected.
- Fleet Management's number one priority continues to be to support the community service demands by providing well maintained vehicles and ensuring 100% public safety fleet availability.
- Fleet Management continues to work with departments to identify opportunities to optimize the size of the entire City's fleet of vehicles and equipment, without negatively impacting departments' abilities to deliver various City services. As a result of these efforts, approximately 300 vehicles have been removed from departments' inventory over the past three years and have been retired, redeployed or pooled.
- The Central Service Yard Phase II project will relocate City operations from the Main Corporation yard site in Japantown, allowing the City to return the site to the community and consolidate various City maintenance operations at the Central Service Yard. A $24M contract has been awarded and construction is scheduled for completion in August 2007.
- The eight-story Employee Parking Garage project will accommodate 1,128 parking stalls plus 7,000 square feet of retail space. The $21.7M project is expected to be completed by fall 2006.
- The Council approved revisions to the Airport Master Plan on November 15, 2005. A team from Public Works, Airport, Finance, and the City Manager's Office has developed a Request for Proposals for a Design Build project for the Airport Terminal Area Improvement program. The value of the contract is estimated at $320M, with $400M of optional projects. The project is scheduled to be awarded in fall, 2006.
- To date, the organization has managed to maintain very favorable bond ratings (the highest for a large California city with a population over 250,000) in spite of our severe economic downturn that has allowed the continued financing of capital projects at the lowest possible costs.
- In 2005-2006, nineteen executive level recruitments were either initiated or completed by the Human Resources Department.

Current Position *How are we doing now? (Cont'd.)*

- In response to funding reductions, City-wide training efforts continue to focus almost exclusively on management development programs. Classes on computer, analytical, and communication skills continue to be offered at a minimum level.

- The Information Technology Department has realigned resources to focus on CSAs and the Information Technology Planning Board (ITPB). This reorganization, in conjunction with a revised ITPB charter, places more emphasis on city-wide technology master planning and project delivery. For example, in September 2005 the ITPB approved the strategy and framework for WiFi that resulted in WiFi connectivity being implemented at City Hall, providing essential communications capabilities to City residents, businesses, and employees.

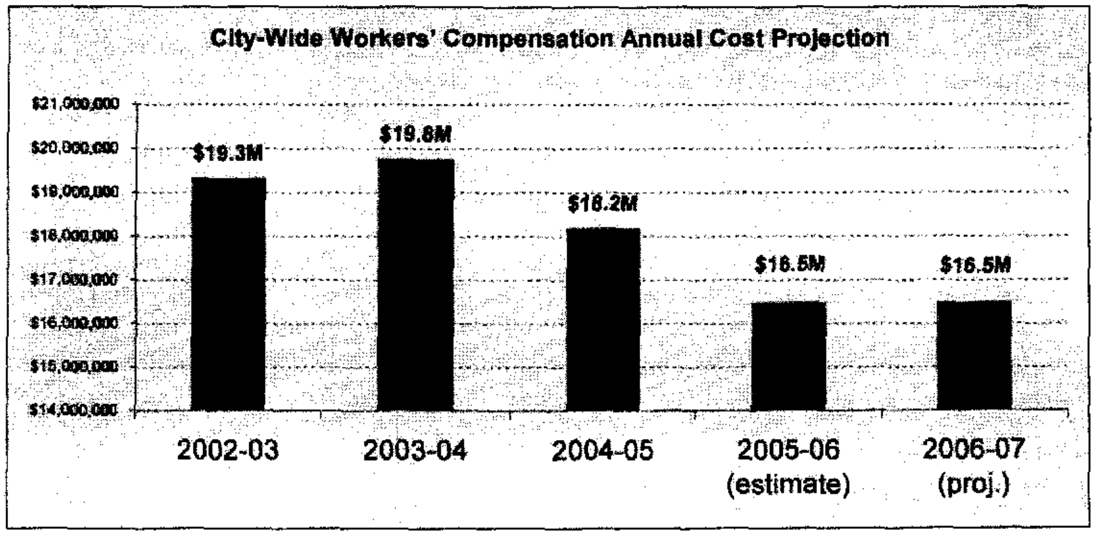
- The establishment of a new network operation center at City Hall will ensure that work produced by our customers and stored on centralized servers is available in case of disaster or system failure (backup / recovery). The network operation center located at the Old City Hall will be eliminated. City staff will be trained in Nortel technology in order to bring the management of Nortel network services in-house.

- With limited funding and minimal staffing levels, technology support staff strives to ensure that enterprise applications remain available, accessible, and current. The Financial Management System (FMS) underwent an upgrade that provides users with a Windows-based interface. The Capital Project Management System is a "home-grown" system upon which the City grows more dependent as it facilitates Capital Improvement Program project management, cost and schedule tracking, reporting, performance measurement, RFP, and contract bid hotlines.

- Finance, Information Technology and Environmental Services staff continue to work on the Consolidated Utility Billing System (C-UBS), which is an integrated Utility Billing, Customer Service and Performance Management System. The C-UBS project will create the City's newest enterprise information system that significantly enhances customer service and potentially provides the backbone to meet other customer and billing system needs.

- The Retirement Services investment team oversees $3.8 billion in assets. This is an increase from the 2004-2005 level of $3.5 billion.

- For the second straight year, Workers' Compensation costs are projected to be lower than the prior year. This success is the result of ongoing efforts in working collaboratively with departments to implement a risk reduction program and reforms to workers' compensation laws.


City-Wide Workers' Compensation Annual Cost Projection

Selected Community Indicators *What external conditions influence our strategies?*

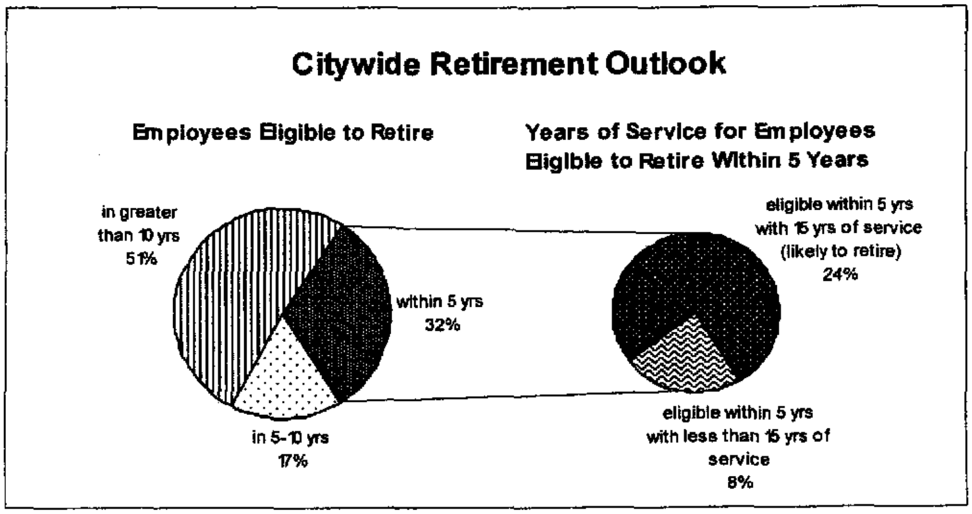
- The 2005 Community Survey was conducted in December 2005. Key findings for this CSA include the following:
  - 76% were satisfied or very satisfied with the overall quality of City services;
  - When in contact with a City employee, 83% were satisfied or very satisfied with the courtesy they were shown, 81% were satisfied or very satisfied with the timeliness of the response, and 77% were satisfied or very satisfied with the competence displayed when a City employee handled their issue;
  - 64% rate the condition of government offices as good or excellent, 59% rate the condition of community centers as good or excellent, and 78% rate the condition of public library buildings as good or excellent.
- The 2005 Finance and Technology Customer Survey found that 83% of City employees had the technology they needed to meet their service delivery needs; 88% had the financial information they needed to make informed decisions.
- General obligation bond ratings – Aa1 (Moody's) and AA+ (Standard & Poor's and Fitch)
- As supported by the City's own experience with San José Permits Online, the use of e-Government services are becoming increasingly popular. An estimated 74.9% of the U.S. population living in households equipped with a fixed-line phone had Internet access, up from 66% in February 2003 (based on a Feb 2004 telephone survey by Nielsen/Net Ratings).
- Seven of the largest municipalities in California have been working together over the last four years to quantify and document the actual cost of delivering capital projects and to identify and implement Best Management Practices (BMPs). Collaboratively, the agencies participating in the California Multi-Agency CIP Benchmarking Study set goals for improving project delivery.

Trends / Issues / Opportunities *What developments require our response?*

- Over the next fiscal year, the City CIP effort will further increase the public building inventory by an additional 3.5%. In general, the aggressive growth of building infrastructure added to the maintenance inventory without the addition of the requisite resources needed to support these improvements places these long-term investments at risk. Without the required level of resources for operations and maintenance there is an increased risk of unplanned utility service interruptions, costly system failures, and significantly reduced life cycles of critical building systems. This will result in service delivery failures and unplanned facility closures.
- The Facilities Management Computerized Maintenance Management System (CMMS) is quickly reaching full implementation. Completing this effort will result in implementing better tools to increase staff productivity and efficiency, the most accurate production data, and continuous improvement of strategic planning for City facilities.
- Legislation is pending that would mandate all public agencies and utilities to retrofit existing diesel powered equipment with advanced emission control technology.
- The CSA continues with its efforts to establish itself as the provider and manager of the City's voice and data network services. The challenge will be to transition to this service delivery model in an environment where individual departments have had sole responsibility for some of these same services in the past.
- It is critical that the City protects existing revenue streams and pursues opportunities for new revenue due to a climate of uncertainty with regards to budgetary actions by other governmental jurisdictions.

Trends / Issues / Opportunities *What developments require our response? (Cont'd.)*

- The 2004 Employee Survey was conducted in December 2004. Approximately 3,100 employees, or 42% of the workforce, participated in the survey. Selected results are as follows:
  - 82% of employees say that the City is a good employer.
  - Strategic Support services were rated in terms of their importance in helping City employees provide service to the San José community. Results are as follows:
    - 75% rated *computer technical support services* as important or extremely important;
    - 61% rated *workplace health and safety services* as important or extremely important;
    - 54% rated *building maintenance services* as important or extremely important;
    - 52% rated *purchasing parts, supplies and materials* as important or extremely important;
    - 39% rated *fleet and heavy equipment maintenance services* as important or extremely important.
- The Strategic Support CSA will continually improve efficiency in capital project delivery. Notable streamlining processes implemented this fiscal year include:
  - Construction Contract Award one-year pilot program – which delegates authority to the Director of Public Works to award construction contracts up to $1 million. The new process is expected to have a beneficial impact on both cost and schedule performance measures in project delivery.
  - Job Order Contracting (JOC) – JOC will be used to deliver individual small and medium sized construction projects which are fully budgeted and approved by the Council through an open construction contract. Specific project scope, schedule, and compensation will then be determined when an individual job is set forth. The major benefits of using JOC are significant time savings in the bid and award process and lower construction costs for small and medium sized projects.
  - City staff has met with PG&E to identify historic roadblocks in Utility Undergrounding projects and revise guidelines to implement the rule 20A Undergrounding program in a more timely fashion.
- Over the next five years, 32% of the City workforce will be eligible for retirement (age 55) and 24% will be likely to retire (those age 55 having at least 15 years of service). The City will need to implement a comprehensive workforce planning strategy to develop current employees for succession and to attract the next generation of workers to public sector employment.



Trends / Issues / Opportunities *What developments require our response? (Cont'd.)*

- It is anticipated that hiring demand will return to levels approximating the pre-freeze 2000-2001 workload in 2006-2007. Current resources may not be adequate to address the projected growth in hiring demand.
- The City must maintain the best possible bond ratings in the current economic environment in order to continue to finance Capital Projects at the lowest possible cost.
- As the cost of medical insurance continues to increase faster than both revenues and the cost of living, the CSA continues to explore opportunities to minimize the impact on the City and the employees. As strategies of shifting costs are short-term and evade the root cause of the cost increases, the focus of our efforts will be to minimize utilization that could be avoided through education and healthier lifestyles.
- The most critical technology issue facing the City is identification of an ongoing funding source for purchases, reviewed by the Information Technology Planning Board.
- Security and disaster recovery are ongoing concerns for the organization. Business continuity management is essential to the recovery of technology services following an emergency or system disruption. The City will continue with the analysis of feasible solutions and identification of a funding source.
- 24 x 7 technical support for information systems is a need expressed by multiple departments. Prior budget reductions had eliminated "off-hours" technical support. Options to provide technical support on a 24-hour basis will need to be explored.
- An enterprise-wide electronic document management system would be used to capture, store and manage documents within an organization. In the Mayor's March Budget Message, the Manager's Office was directed to implement such a system. In June 2006, the Mayor directed the City Clerk and the Information Technology Department to report back to the City Council with a status report on the implementation of a pilot program for an integrated document management system (EDMS). Preparation of a Request for Proposal and implementation plans for a citywide rollout of an EDMS was included as one of the projects to be addressed by the $3.5 million technology reserve approved for 2006-2007.
- Sunshine Reforms respond to community concerns regarding the ready availability of information. Strategies to make the necessary information available to the public are currently being explored.
- The CSA Technology Master Plan process identified technology obsolescence assessment as a recurring need. The Information Technology Planning Board has asked that Information Technology staff take the lead to define the objectives of technology asset management with a special focus on desktop computers. The technology freeze over the past several years has led to hardware/software that has fallen out of warranty or is no longer supported by the vendor.
- Funding restrictions and prevailing governance structures have prevented the progress of a centralized Geographic Information System (GIS) infrastructure implementation project to date. Staff continues to coordinate with other departments utilizing GIS to develop a centralized GIS infrastructure strategy for the purpose of sharing data among City departments and other regional partners and to allow for the maintenance and coordination of this information in a timely and accurate manner.
- The City must continue to streamline its contracting activity through use of technology, building a competitive vendor base, and review of existing processes while ensuring that applicable rules and regulations are followed and integrity of the procurement process is preserved.

Policy Framework *What policies guide our strategy?*

- Council Priorities
- Strong Neighborhoods Initiative Priorities
- City Master Plans
- Council Adopted Policies (Investment and Debt Management Policies)
- CSA Partner Business Plans
- Economic Development Strategy
- Information Technology Planning Board Charter

General Plan Alignment

Although Strategic Support services are not directly reflected in the City's General Plan, the CSA plays a vital role in ensuring that all City services and programs have the fiscal, physical, technological, and human resources to achieve the goals set forth in the General Plan.

Key Strategic Goals & Objectives *Where are we going?*

Strategic support functions are critical within any organization. Basic core services must continue at an effective level and with flexibility that allows for expansion and enhancement in a timely manner upon economic recovery.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

- **Develop a Comprehensive Workforce & Diversity Plan** – Over the next five years, 32% of the City workforce will be eligible for retirement, while 24% are likely to retire. Combined with a declining number of workers entering the workforce and even fewer college graduates indicating a preference for careers in government, the organization is faced with a significant challenge. A comprehensive strategy and action plan is necessary to develop current employees and attract new talent so that the City's workforce can continue to deliver top-quality services while meeting changing customer demands. Funding has been approved in this budget to address these workforce planning issues.

- **Attract and Retain Qualified Employees** – Provide services that enhance the organization's ability to hire and retain a high-performing workforce. Objectives in this area include a streamlined process for conducting executive recruitments, a formal mentoring program, and advanced management development programs. In the future, strategies will be proposed to enhance the quality and access of services through the expansion of eWay. As significant hiring challenges are anticipated over the next five years, the CSA will work to ensure recruitment pools have the highest-qualified and available candidates for selection by departments.

- **Promote a Safe and Healthy Work Environment** – Work in partnership with other City departments to provide a proactive safety and risk reduction program that is in compliance with all applicable state and federal regulations. The program's success in reducing the number of employee injuries and claims has resulted in significant workers compensation savings over the past few years. Key objectives are to maintain successes and the trend of cost decreases while mitigating the effects of recent staff and funding reductions.

- **Mitigate Rising Medical Insurance Costs** – Minimize the impact of rising medical insurance costs on the City and its employees. Current strategies focus on annual independent actuarial reviews, regular competitive processes to minimize cost increases, and active participation with local coalitions to explore other risk reduction options. In the future, strategies will be proposed which focus on healthy lifestyles for plan participants as a significant portion of cost increases are due to higher utilization.

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

- **Deliver Facilities and Infrastructure** - This CSA will continue to provide well-constructed facilities and infrastructure that meet the needs of San José residents and the City staff. This goal will continue to be achieved through the plan, design, and construction of capital projects that comply with Council's priorities, the City's Master Plan's, and the standards established in the engineering guidelines.

- **Support Vital Municipal Functions** - The Department of Public Works supports city-wide services to continually improve the quality of life for the San José community through:

    - Equality Assurance - Ensures that proper compensation and benefits are paid to workers performing work on City and San José Redevelopment Agency funded construction contracts and City funded service and maintenance contracts.

    - Geographic Information System (GIS) - Maintains countywide aerial photography, basemap, and contours, which are useful for computer aided dispatch system and crime analysis, airport neighborhood noise prevention, and property tax assessment.

    - Real Estate Program - Administers the City's real property leases and disposal of surplus properties along with the property acquisition for City projects.

- **Asset Performance Management Strategy** - The CSA is responsible for managing the organization's facilities, fleet and equipment and has defined that task as maximizing the life cycle of the City's assets while working in partnership with all CSAs to enhance the value of the assets for effective service delivery to the community. In order to achieve that mission, strategies and workplans will be developed to enhance and maintain our ability to maintain facilities and equipment well, while working in partnership with the other CSAs. The CSA will be implementing a significantly upgraded facility management database that will provide staff with hand-held devices allowing them to receive, track, and report work orders, access maintenance histories, and create reports that will help managers develop maintenance schedules and strategies. The existing fleet management database will continue to be upgraded with the goal of simplifying tasks while gathering information that can be used for strategic management.

Outcome 3: Effective Use of State-Of-The-Art Technology

- **Enable Technology Users** - Effectively deploy and use state-of-the-art technology with the formation of a centralized Technology HelpDesk, which provides a single point of contact for City departments. Benefits provided with the upgrade of the current e-mail system to Exchange 2003 include better disaster recovery and improved functionality. ITD is now conducting internal testing and anticipates completion of this project in 2007-2008. Development of a solution that streamlines website management is required in order to meet the objectives of the Sunshine Reform as well as address customer service commitments.

- **Standardize and Consolidate Technology** - Identify opportunities to merge databases, consolidate resources, and encourage the use of City technology standards that can be supported by leveraging existing resources. Efforts have commenced to establish a GIS database which will form the basis for a Unified Customer Database (UCD). The UCD will serve as the foundation for the Integrated Cashiering System. Efforts to utilize GIS technology continue with the focus on establishment of the infrastructure required to provide city-wide access to a single, comprehensive database. "Next steps" include development of a Strategic Plan for city-wide GIS implementation. The consolidated Utility Billing System (C-UBS) is expected to "go live" at the beginning of July 2006. Finally, efforts are underway to define requirements for a city-wide electronic document management system to support the Mayor and Council directive for processing Public Records Act requests.

Key Strategic Goals & Objectives ***Where are we going? (Cont'd.)***

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

- **Network Availability** - Maintain availability and support for network/telecommunication operations to ensure availability of systems to employees and customers by streamlining operations wherever possible. The City will endeavor to leverage the converged network infrastructure established at City Hall by upgrading off-site phone systems to VoIP whenever possible.

- **Support City Technology Functions** - Establish the appropriate infrastructure foundation needed for the implementation of e-Government initiatives to provide better, faster and more efficient customer interaction with our residents. Completion of the enhanced 9-1-1 project will enable Police and Fire Communications to locate any call being placed from a cellular phone. Support of wireless technology will be enhanced with the implementation of Phase I of the Wireless Internet System (WiFi).

- **IT Master Planning** - Facilitation of the establishment of city-wide information technology standards and optimization of the City's technology investments through implementation of an effective IT Master Plan is a key component of successful project implementation. The first major effort of the ITPB, Architecture Committee and the CSA Technology representatives was the completion of CSA technology Master Plans in January 2006, which has helped to provide departments with an understanding of technology issues city-wide.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

- **Maintain Strength of the City's Financial Position** - This CSA must continue to ensure that the City's financial resources are protected and available to address short and long-term needs of the community. This goal is accomplished by proactively billing and collecting revenues due to the City, by maintaining adequate insurance at the lowest cost and best coverage possible, by facilitating timely and accurate disbursements, by investing City funds in accordance with Investment Policy, by providing accurate and timely financial reports, by effectively and efficiently procuring goods and services, and by maximizing the revenue of surplus property.

- **Enable City Management to Make Informed Decisions Regarding the Financial Affairs of the City** - Provide financial management system reports and tools to City staff, prepare the City's annual financial report, process payroll and accounts payable transactions in an accurate and timely manner and maintain and reconcile the general ledger.

- **Manage and Protect the City's Resources to Enhance the City's Financial Condition** - Develop and streamline business systems and processes that support the delivery of City services, process cash collection in a timely manner, invest the City's cash prudently, maintain excellent bond ratings to facilitate financing capital projects at the lowest possible cost, and provide adequate coverage for risk exposures.

- **Purchase Goods and Services to Support City Operations** - Provide goods and services to departments in support of their operational goals at the best possible price through competitive procurement processes, administering the City's procurement card program, disposing of surplus and obsolete equipment and supplies in a cost-effective manner, and establishing city-wide records management guidelines.

Overview

Strategic support functions are critical within any organization. Basic core services must continue at an effective level and with flexibility that allows for expansion and enhancement in a timely manner upon economic recovery. The extended budget challenges created by the current economic environment have resulted in a significant reduction for this CSA. Such reductions challenge the delivery of core services that this CSA is charged with providing to the organization. The Strategic Support CSA is committed to continue to deliver basic services that support the organization. To accomplish this, the CSA will:

1) ***assign priority to key strategic support core services;***
2) ***collaborate with line CSA's to safeguard strategic support core services;***
3) ***utilize alternative funding sources where practical; and,***
4) ***strategically implement service reduction cuts that account for and assess the impact to customers and employees.***

Key Investments & Objectives ***How will we accomplish our goals?***

Investment strategies are briefly outlined below and linked to CSA Outcomes and performance goals.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

Year 1: 2006-2007 – *Planned Service Strategies*

- **Workforce Planning** - Staff is proposing the creation of a multi-departmental Workforce Planning & Diversity Management team as part of a comprehensive strategy to manage the anticipated retirement of approximately one-quarter of the current workforce over the next 5 years. This strategy will help the City succeed in developing the remaining employees and in attracting new talent to the organization to address the imminent "talent crisis" caused by an aging Baby Boomer generation and a relatively small number of Generation X'ers and Y'ers entering the workforce.

- **Workforce Development** - Working in partnership with the Workforce Planning team, staff will continue to focus on priority employee and management development programs: the "Art and Practice of Leadership" course, the Leadership and Supervision Academy, and New Employee Orientation. In 2005-2006 a formal mentoring program was launched with the support of a temporary staffing resource from PRNS. With this support ending in 2006-2007, staff is actively looking for creative ways to continue this widely popular program as another tool for employee and management development. New skill training offerings will include public speaking for community outreach staff and conflict resolution techniques.

- **Employment Services** - While a city-wide hiring freeze enters into its fifth full year, hiring activity has increased by almost 40% due to the City's policy of internal hiring. Considering the backlog of classification requests and high number of executive-level recruitments, with current resources the CSA will face a difficult task in meeting the demand for city-wide testing and the workload associated with replacing the anticipated retirement of one-quarter of the workforce over the next 5 years in as timely a fashion as would be desired. Staff will continue as a result to focus first on high-priority, urgent hiring needs within the organization.

- **Health and Safety** - Staff will continue to focus on mitigating the effects of the elimination of return-to-work and in-house ergonomics positions. Remaining staff will continue to focus on high-priority and OSHA-mandated issues, however, response time for return-to-work and ergonomic requests are expected to continue to increase.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations (Cont'd.)

Year 1: 2006-2007 – *Planned Service Strategies (Cont'd.)*

- **Medical Insurance Cost Reduction Initiatives** - Medical insurance premiums for employees and retirees exceed $70 million year. Staff will explore and propose ways to minimize expenses on behalf of the City, the Retirement Funds and the plan participants. Part of the efforts will include active participation in Santa Clara County's new Health Benefits Coalition and in the Bay Area Medical Review coalition. In addition, all health plans, including Kaiser, will be subjected to the competitive process.

Year 2: 2007-2008 – *Projected Service Strategies*

- **Workforce Planning** – Staff will continue to implement strategies to address the challenges created by the anticipated retirement of approximately one-quarter of the workforce over the next 5 years.

- **Employment Services** – Efforts will continue to focus on addressing the highest-priority recruitments, hiring, classification, and compensation needs of the organization. The current level of resources may not be adequate to address projected hiring needs in a timely fashion and cycle time may therefore continue to increase.

- **Health and Safety** – Efforts will continue to focus on overall cost savings through risk reduction.

- **Employee Benefits** – In an effort to minimize the impact of increasing medical insurance costs, staff will continue to focus on long-term cost-containment solutions that reduce utilization through education and healthier lifestyles. A partnership with a health care provider will be proposed to provide employees with an in-depth health profile including health risks and recommendations for specific lifestyle changes. In addition it will provide a profile of the City workforce allowing staff to focus on educational programs specific to the health risks of the organization as a whole.

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

Year 1: 2006-2007 – *Planned Service Strategies*

- **Resource Efficiencies** – The General Services Department will focus resources on basic core services such as preventive maintenance and public health and safety for the organization's facilities, fleet and equipment. This will bring some of the work that was previously outsourced in-house, and it will also allow the department to remove itself from lines of business that are not critical to the successful delivery of core services; thereby creating capacity for staff to protect the City's assets and effectively support City programs and services.

- **Fleet Management** - The revised transport policy will implement utilization standards that are expected to result in a reduced fleet size and a revised strategic replacement program. Eliminating vehicles with minimal utilization and maximizing the sharing of fleet resources is being pursued in partnership with direct service departments. Service priority will continue to be focused on the public health and safety fleet.

- **City Hall** - As facility personnel have adjusted to the facility, demand for space and systems changes and reconfigurations is high. As the City Hall Performance Managers, General Services is leading an effort to identify these needs and the financial means to address these changes.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment (Cont'd.)

Year 1: 2006-2007 – *Planned Service Strategies (Cont'd.)*

- **Capital Project Delivery** - Lead the effort to coordinate, manage and account for the delivery of capital projects. Due to the reduced ability of the organization to maintain and operate some of the newly constructed or improved facilities, the CSA will strategically align project delivery with operations and maintenance requirements. This outcome will continue to explore opportunities to streamline and improve the project delivery process.

- **Capital Project Management** - Increase use of technology in project management by enhancing the Capital Project Management System, which has expanded the Resource Planning and Project Cost Estimating modules. This should provide staff with additional applications and resources for effective and timely project delivery.

- **Equality Assurance** - Continue to monitor and enforce wage requirements to ensure proper compensation and benefits are paid to workers performing services on City and RDA contracts. Continue to adapt and remain innovative about overcoming impediments interfering with monitoring and enforcing wage requirements while still maximizing staff resources to ensure labor compliance.

Year 2: 2007-2008 – *Projected Service Strategies*

- **Fleet Management** - Maintain the City's leadership role in promoting and validating alternative fuel opportunities and reap the potential benefits of advanced emission reduction options by expanding the City's alternative fueled vehicle complement. Fleet Management will also continue to align fleet utilization standards and strategic replacement program efforts to right size the City fleet.

- **Facility Management** - Be proactive in development stages of new facilities to ensure that design and construction is approached from a life cycle perspective as well as meeting the overall goals and strategies of the organization. Creating strategic deferred maintenance and Capital Replacement plans with achievable funding models will also be addressed.

- **Capital Project Delivery** - Seek continuous improvements to the project delivery process and explore opportunities to reduce the barriers that may interfere with the effective and timely delivery of capital projects. Continue to maximize the use of staff resources to ensure the delivery of projects within agreed upon time and cost commitments.

Outcome 3: Effective Use of State-Of-The-Art Technology

Year 1: 2006-2007 – *Planned Service Strategies*

- **Technology Customer Support** - Assess service delivery after one year at City Hall to determine and implement new efficiencies.

- **Enterprise Applications** - Standardize and consolidate databases for use in multiple enterprise-wide applications. Support system upgrades when versions in use become outdated.

- **Network Availability** - Continue to maintain availability and support for network/telecommunications operations to ensure availability of system to employees and customers by streamlining operations wherever possible. The City will leverage its investment in Voice over Internet Protocol technology by expanding services at remote locations (outside of City Hall) whenever possible.

Key Investments & Objectives *How will we accomplish our goals?* *(Cont'd.)*

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

Year 1: 2006-2007 – *Planned Service Strategies (Cont'd.)*

- **IT Governance** – Administer city-wide IT oversight through the assignment of City Service Area (CSA) technology service representatives who will be responsible for developing CSA IT Master plans and advocating on behalf of each CSA in the Information Technology Planning Board approval process.
- **Business Continuity** – A coordinated strategy involving plans, procedures and technical measures enabling the recovery of business systems, operations and data following a disruption needs to be documented in order to meet business continuity objectives. As part of this strategy, the City is in the process of designing and implementing a state-of-the-art Network Operations Center (NOC) at City Hall.

Year 2: 2007-2008 – *Projected Service Strategies*

- **Further Consolidation** - Investigate the possibilities of consolidating application programming resources to offer pooled support for department specific computer applications.
- **Technology Master Plans** - Strategically plan and implement City-wide IT technology resources to better leverage investments for the benefit of the entire organization via an effective master planning process.
- **Business Continuity** - Expand the City's data backup and recovery plan to include additional security, such as designing a duplicate NOC to be located at a separate location (redundant NOC).

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Year 1: 2006-2007 – *Planned Service Strategies*

- **Revenue Management** - Proactively and aggressively protecting existing city-wide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty. Strategies include proactively pursuing the collection of delinquent accounts, working collaboratively with other City departments to assure the highest level of revenue collection is achieved, conducting revenue compliance reviews, continuing to integrate a utility billing, customer service and performance management system (C-UBS) and increasing Business Tax revenue through the completion of a Business Tax Amnesty program.
- **Debt Management** - Continue the goal of maintaining the City's excellent bond ratings of Aa1/AA+/AA+ (Moody's/Standard & Poor's/Fitch), in spite of the current economic climate, in order to continue financing Capital Projects at the lowest possible cost.
- **Risk Management** - Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible. Provide insurance clearance for contracts and billing for subrogation recovery.
- **Procurement and Materials Management** - Continue to implement cost reduction strategies including maximizing the use of the competitive bidding process, consolidation of service delivery contracts and the utilization of cooperative procurement contracts by expanding the existing vendor base and through the use of technology. Additionally, the CSA will implement a support structure for contracting of professional services and issuance of Request for Proposals. In alignment with the City's Economic Development Strategy, the CSA will continue outreach efforts to local and small businesses.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

Year 2: 2007-2008 – *Projected Service Strategies*

- **Revenue Management** - Continue to proactively and aggressively pursue protecting existing city-wide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty.
- **Debt Management** - Strive to maintain the City's excellent bond ratings in spite of the current economic downturn in order to continue financing Capital Projects at the lowest possible cost.
- **Risk Management** - Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible. Provide insurance clearance for contracts and billing for subrogation recovery.
- **Procurement and Materials Management** - Continue to implement cost reduction strategies including maximizing the use of the competitive processes, consolidating service delivery contracts, and utilizing cooperative procurement contracts to expand city-wide support for contracting of professional services and issuance of Request for Proposals. Investigate the feasibility of closing the Central Warehouse. Sales from the Warehouse have dropped consistently for the past three years due largely to competition from outside vendors.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

Hiring Returns to 2001-2002 Levels

Although turnover has remained relatively low, the number of hiring appointments has increased by almost 40% since 2004-2005, returning the City to the high volume hiring level experienced in 2001-2002. This considerable increase can be attributed to three factors. First, 86% of non entry-level positions are being filled internally. This means that for one vacancy, the organization will need to fill multiple positions as promotions and transfers cascade throughout the organization. Next, two Police Academy classes were offered this year, the first time more than one academy has been offered since 2002-2003. Finally, the need for part-time unbenefited staff has increased as departments are relying on temporary staff to meet service demands.

With the estimated retirement of up to one-quarter of the City's workforce over the next five years, it is anticipated that hiring levels may reach the volume of 2000-2001 when the City employed aggressive recruitment efforts and was competing with the private sector for qualified candidates.

The chart below demonstrates previous fiscal years' recruitment, appointment, and application data as well as the current year projections.

eWay, Online Employee Self-Service

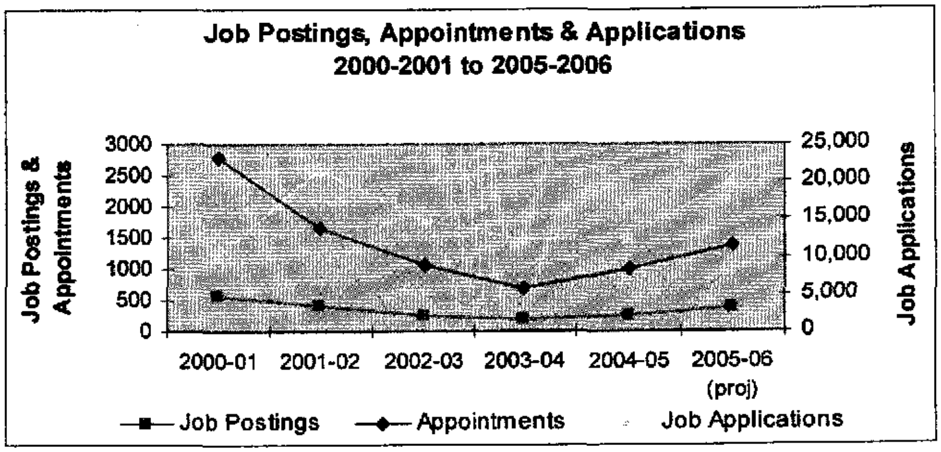
During 2005-2006, an exciting, new online system was made available to employees. "eWay" is the unique name for the employee self-service features which are a part of the HR/Payroll PeopleSoft system. These user-friendly, intranet-based features empower all City employees to view and update their personal, payroll, and benefits information online - without time-consuming phone calls, searching for paper forms, redundant data entry, or waiting in line.

Over the next 5 years, the CSA plans to add even more features, making eWay a one-stop shop for all Human Resources and Payroll transactions. "Life Events" will be implemented in early 2007, allowing employees to enter benefit changes related to marriage, divorce, birth, and adoption. Managers will also be given access to review certain information about their direct-reports including salary and emergency contact information.

Workforce Planning

It is estimated that up to one-quarter of the current City workforce will retire within five years. Combined with declining numbers of workers entering the national workforce and data that indicates fewer college graduates show a preference for a career in government, it is essential that the organization take immediate steps to limit the impact on our current level of services to customers.

A comprehensive and effective Workforce Planning strategy and action plan is being developed to ensure the City of San José continues to attract, retain and develop a diverse workforce capable of successfully delivering services that meet changing customer demands including those of residents, businesses, and visitors – as well as City of San José employees themselves.



Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
A. Optimize the attraction and retention of qualified employees to meet the service delivery needs of the organization	1. Turnover Rates: Total, Non-Public Safety, Public Safety, and Information Technology employees	<6%	<7%	6.6%	<6.5%	<6.5%
	2. % of hiring managers rating probationary employees as meets standard or above	95%	95%	98%	95%	95%
B. Align systems that develop and maintain a high-performing workforce	1. % of employees who agree or strongly agree they clearly understand the performance expectations of their job	82%	80%	80%	82%	82%
C. Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job	55% / 78%	48% / 76%	48% / 76%	55% / 78%	55% / 78%
	2. % of employee performance appraisals completed on schedule	80%	20%	58.6%	65%	70.0%
D. Foster a shared vision with employee representatives about the characteristics of a high-performing workforce	1. % of employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them	86%	95%	95%	95%	95%
	2. % of the public having contact with City employees who are satisfied or very satisfied with the customer service based on courtesy, timeliness, and competence	83%	79%	80%	80%	80%
	3. % of employees who agree or strongly agree they understand the City's vision and how their work contributes to a core service	80% / 82%	76% / 80%	76% / 80%	80% / 82%	80% / 82%
	4. % of employees who are satisfied or very satisfied with their job	80%	78%	78%	80%	80%
	5. % of employees who agree or strongly agree the City is a good employer	84%	82%	82%	84%	84%
	6. % of employees who rate the quality, timeliness, and overall satisfaction with Human Resources as excellent or good	62%	60%	60%	62%	62%
E. Provide the necessary and required safety and health services that ensure employees health, safety and well-being	1. Number of Workers Compensation claims per 100 FTEs	18.0	18.0	18.0	17.0	18.0

Changes to Performance Measures from 2005-2006 Adopted Operating Budget: No

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

Safety First

A common theme in several of the core services of this outcome is the focus on safety first. Health and safety related building issues and public health and safety fleet availability will continue to be the first priority of this outcome and the core services will strive to ensure that performance measures related to safety will be maintained at 100%.

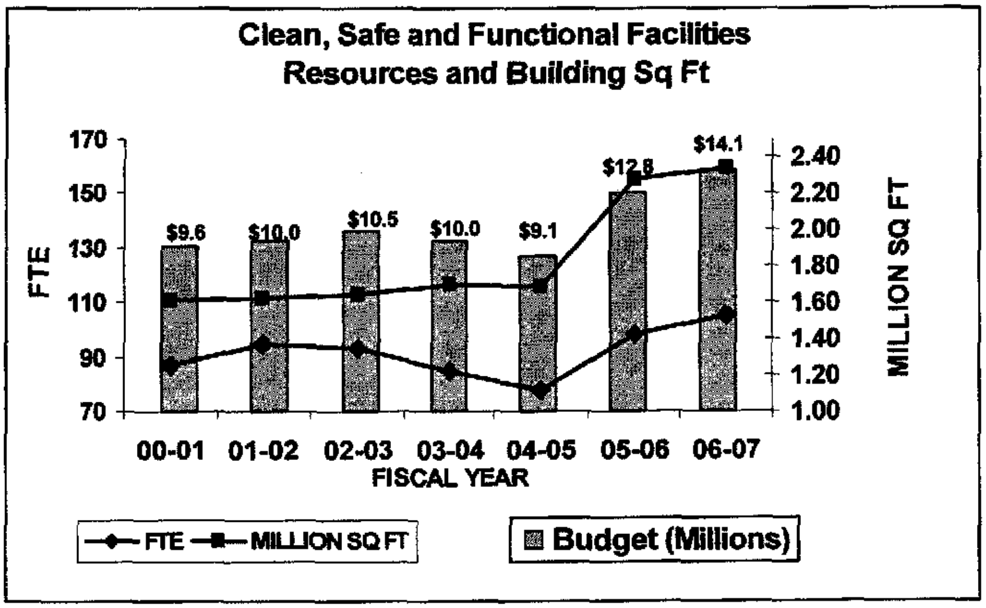
Maintaining the Building Inventory

The addition of new or rehabilitated building facilities through the City's aggressive capital program has provided for new building space to the existing building facility inventory. However, operating budget reductions this year and over the past three years have required a shift in focus in order to maintain and support these key infrastructure investments. An emphasis on life cycle costing is critical to maximize the effective use of the City's limited resources. Increased involvement in design of these new facilities has been initiated. In addition, strategic asset management plans are being validated and refined. These plans will be the needed tools to identify the annualized funding requirement to protect the City's facility investments.

New City Hall

City Hall was added to the facility inventory in 2005-2006. This increased the square footage for which this outcome is responsible by 30%. Resources were added to maintain this high profile investment, however, City Hall is unlike any other City facility and its remarkable popularity for events and meeting usage has stretched those resources significantly. This budget includes additions to those resources, although the events demand continues to affect the staff's ability to focus on day-to-day building maintenance functions.

The first year of operation shows City personnel in the facility adjusting to the change of work in a centralized downtown location. As these adjustments occur, the internal customers in the facility are beginning to identify areas of improvement to the facility. These improvement needs will be compiled, prioritized and implemented as funding allows. In order to assist employees in keeping up to date with requested improvements and the status of them, a database will be made available on the City's intranet. Other communication methods will also be used to ensure that employees are aware of the status of improvement activities.



Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment (Cont'd.)

Fleet Availability

Fleet availability will be a primary focus as the challenge of identifying an optimum fleet size and implementing modified replacement criteria are addressed.

As the City continues to focus on public health and public safety as a first priority, over 80% of fleet services will be assigned to support public health and safety to continue to meet the goal of 100% fleet availability for public safety. This allocation of resources to public health and public safety has the potential of impacting service delivery to general fleet maintenance activities and availability that supports these programs.

"Decade of Investment"

Despite the continuing economic downturn, the Capital Improvement Program (CIP) remains strong with a 2007-2011 budget of approximately $2.9 billion. The healthy CIP continues to inject dollars into the local economy by providing jobs and business opportunities. The investment in the City's infrastructure through completion of capital projects helps to attract businesses and families to live and work in San José. Of the estimated 423 projects included in the 2006-2010 CIP, 306 are currently active for 2005-2006, with 263 of these projects completed or on schedule. In addition, a total of 100 projects are projected to be awarded and 150 projects are estimated to be completed in 2005-2006. This results in a projected total of more than 900 projects that citizens of San José will see completed in their communities from July 2000 through June 2006 and well over $2.0 billion in capital program dollars being put into our local economy.

The city-wide capital program performance measurement results are reported here, as well as this CSA's own results. The established performance targets for the city-wide capital program have been used to set each individual CSA's targets until such time as the actual performance data support changing them to reflect each CSA's ability to achieve their performance goals.

Staff is making significant progress in delivering quality projects to the community. Project teams will continue to be proactive in addressing issues affecting timely project delivery and will continue the practice of conducting regular coordination meetings during the project life cycle to ensure that unforeseen project issues are addressed in a timely manner. In addition, project management tools continue to be developed through the City's Capital Project Management System (CPMS), which will further allow project management staff to effectively track project costs and schedules on an ongoing basis. These efforts will help improve future project delivery performance results.

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
A. City-wide delivery of quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	85%	85%	81%* 128/159	85%	85%
	2. % of CIP projects that are completed within the approved baseline budget	90%	90%	80% ** 59/74	90%	90%
	3. % of project delivery costs (exclusive of citywide overhead) compared to total construction costs for completed projects *with construction costs:*					
	less than $500,000-	31%	31%	36%	31%	31%
	between $500,000 and $3M-	23%	23%	41%	23%	23%
	greater than $3M-	15%	15%	28%	15%	15%
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use	80%	80%	74%***	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	79%****	85%	85%
B. Strategic Support CSA delivers quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	85%	85%	50% 1/2	85%	85%
	2. % of CIP projects that are completed within the approved baseline budget	80%	90%	NA *	90%	90%
	3. % of project delivery costs (exclusive of citywide overhead) compared to total construction costs for completed projects *with construction costs:*					
	less than $500,000-	31%	31%	NA *	31%	31%
	between $500,000 and $3M-	23%	23%	NA *	23%	23%
	greater than $3M-	15%	15%	NA *	15%	15%
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use	80%	80%	NA **	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	NA **	85%	85%

Changes to Performance Measures from 2005-2006 Adopted Operating Budget: No

NOTES:
* Projects are considered to be "delivered" when they are available for their intended use.
** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.
*** 2005-2006 O&M survey results based on projects that reached beneficial use in 2004-2005.
****2005-2006 Customer Satisfaction survey results based on projects that reached beneficial use in 2005-2006.
NA *: these performance measurements measure projects accepted in 2005-2006. No Strategic Support CSA project has been accepted in 2005-2006.
NA **: The New City Hall Project was delivered in June 2005. The operations and maintenance survey will be conducted during the end of 2005-2006 and data will be available in the fall. Customer satisfaction surveys are being conducted for New City Hall and data will be available in the fall.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, and Equipment (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
C. Provide well-maintained facilities that meet customer needs	1. % of facilities that have a good or excellent rating based on staff condition assessment	40%	20%	20%	25%	30%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	90%	80%	85%	87%	90%
	3. % of facility health & safety concerns mitigated within 24 hours	100%	100%	86%	100%	100%
D. Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	95%	94%	92%	92%	92%
	2. % of fleet in compliance with replacement criteria:					
	• Emergency Vehicles	100%	100%	96%	100%	100%
	• General Fleet	100%	92%	88%	88%	86%
	3. % of service work orders completed within 24 hours:					
	• Emergency Vehicles	66%	65%	61%	61%	61%
	• General Fleet	72%	68%	60%	60%	60%

Changes to Performance Measures from 2005-2006 Adopted Operating Budget: No

Outcome 3: Effective Use of State-Of-The-Art Technology

Converged Network

A primary focus has been on the implementation and support of the converged network technology for City Hall. Integrating, consolidating and leveraging existing information technology resources are key strategic outcomes for this technology deployment and support effort. These outcomes are in direct alignment with the strategic initiative in the Economic Development Strategy to "Make San José a Tech Savvy City; Lead the Way in Using Technology to Improve Daily Life," and support the customer service delivery model being carried out in City Hall. The performance target for network availability remains a critical measure of the converged network, which provides access to information and communication services in City Hall.

Impact of Network Availability

Network availability was measured in two components during 2004-2005: the Old City Hall (OCH) and New City Hall (NCH) networks. The OCH network continues to exceed the current target of 98% as the result of improved virus protection software enhancements. Maintaining availability of core information technology systems like the network is a mission critical function of this CSA outcome. To illustrate, one minute of network downtime over a one-year period represents approximately 25 person-hours of time during which staff are unable use of systems like email, intranet, MS Outlook and other applications required for conducting business in the City's work environment.

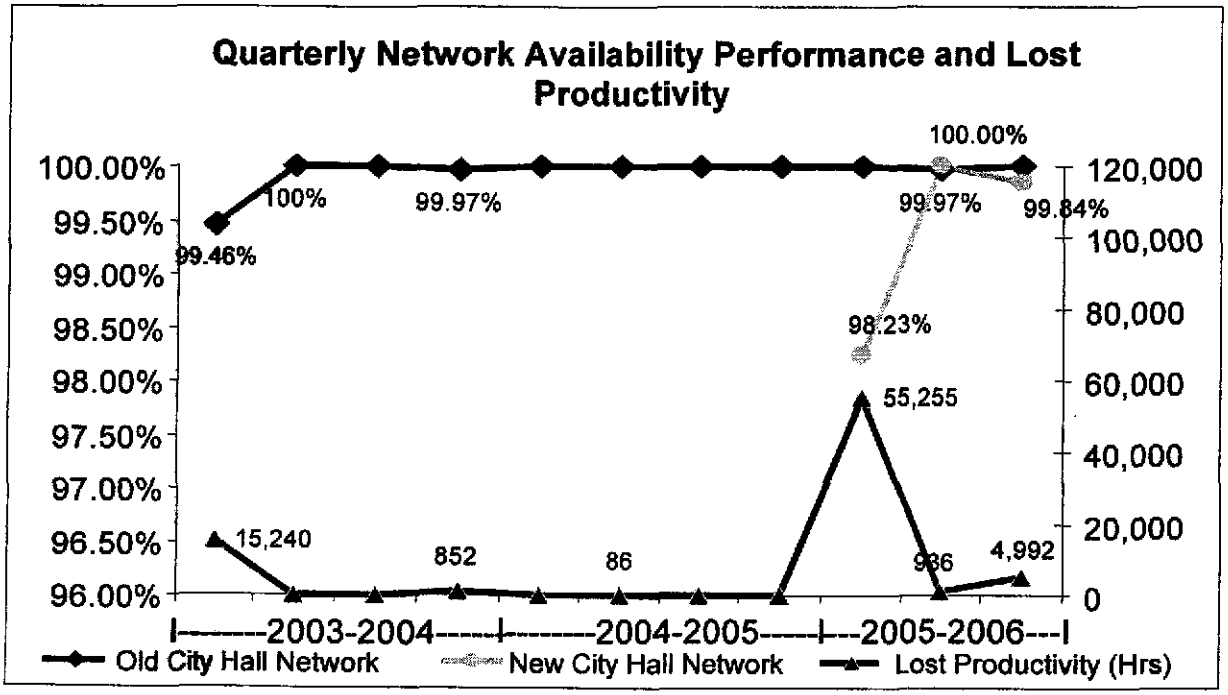
The target for the NCH network in 2006-2007 has been adjusted to 99.95% based on service expectations negotiated with the vendor. Performance was measured at 100% for the NCH converged network in 2004-2005 because the network was only in operation for one month during this fiscal year.

Risk of network downtime as a whole (both OCH and NCH networks) has been increased by recent resource reductions. This is a factor that is not represented in the "network availability" performance measure. Spare part inventories have been reduced mandating that replacements for failed network components be ordered and delivered upon need. Maintenance agreements for the network have been purchased at reduced service levels. These resource reductions could result in longer times required to restore the network in the event of failure. In addition, the OCH network is nearing the end of its life cycle, resulting in lower reliability, response time, and parts availability. At this time, equipment for the network operation center located at the OCH is being moved out, the network will be collapsed and the fiber path will be rerouted. Plans are to have the OCH network phased out during 2007-2008.

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

5-Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
A. Deploy technology resources effectively	1. % of communication services available during business hours:					
	-Old City Hall Network	Phase out	98.00%	100.00%	100.00%	Phase out
	-New City Hall Network	99.95%	99.99%	99.95%	99.95%	99.95%
	-Telephones	99.95%	100.00%	99.95%	99.95%	99.95%
	-Combined Availability	99.95%	99.33%	99.97%	99.97%	99.95%
	2. % of time system is available during normal business hours:					
	-E-mail	99.95%	100.00%	99.95%	100.00%	100.00%
	-Financial Management System	99.00%	99.00%	99.00%	99.00%	99.00%
	- Human Resources/Payroll System	99.00%	99.00%	99.00%	99.00%	99.00%
	- Call Center System	99.95%	100.00%	99.95%	100.00%	100.00%
	- Combined availability	99.48%	98.50%	99.48%	99.50%	99.50%
	3. % of managers who say employees have the technology tools they need to support their service delivery functions	80%	87%	70%	75%	75%
	4. % of employees who say they have the technology tools they need to support their service delivery functions	87%	83%	83%	85%	85%

Changes to Performance Measures from 2005-2006 Adopted Budget: No



Quarterly Network Availability Performance and Lost Productivity

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Bond Rating & Debt Issuance

By maintaining the City's excellent credit ratings, the City continues to provide essential public facilities to the community with low financing costs, saving the City millions of dollars. The City has been making significant capital investments in public facilities such as parks, libraries, public safety, the Airport, and City Hall. These projects are consistent with implementation of the City's "Decade of Investment," through a $2.9 billion 2007-2011 Adopted Capital Improvement Program, of which approximately 36.8% is to be financed with bonds.

It is critical for the City to maintain its excellent bond ratings, which is a key factor in determining the City's borrowing rate (the City's cost of funds). Because the City has exercised sound fiscal management, even during the recent time of economic uncertainty, San José's bond ratings are the highest for a large California city with a population over 250,000. Our excellent credit ratings (Aa1 [Moody's] and AA+ [Standard & Poor's and Fitch]) have already saved the taxpayers over $5 million over the life of the general obligation bonds issued to date, and are estimated to save the taxpayers an additional $5.4 million over the life of the City's general obligation bonds authorized but not yet issued.

Revenue Generation Projects

As a means to assure a high performing government which optimizes the level of basic and core services provided to the residents and business owners of the City of San José, the Finance Department's Revenue Collection Team has been proactively engaged with several revenue-generating projects. Over the course of the past two years, the Collections Team has worked closely with City departments, the San José community and its business partners to assure the timely and correct payment of monies used to support City services and activities, including public safety, parks and recreation, library and the transportation infrastructure.

The Collections Team has helped to maintain adequate revenue streams by:

- Collecting approximately $3.5 million in seriously delinquent (more than 180 days past due) accounts receivable;
- Collecting more than $2.0 million as a result of reconciling the City's Tax Certificate database; and
- Collecting close to $1.0 million as a result of performing tax and fee compliance reviews.

Collection of these monies has been integral towards the continuing, high level of services expected by the citizens and businesses of San José.

Procurement Reforms

To ensure openness and transparency in procurement while streamlining the City procurement processes, Council approved comprehensive procurement reforms with the direction to staff to return to Council with changes in the Municipal Code including the centralization of professional services, vendor protest procedures, and increased contract approval authority for the Director of Finance. Additionally, staff developed and published a series of City policies to ensure a consistent approach for sole source and brand name purchases and appropriate staffing allocations, timeline, outreach, and evaluation factors for procurements valued above $1 million.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

5-Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
A. Maintain City's bond ratings	1. City's bond ratings: (General Obligation Bond Rating)					
	• Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
	• Standard & Poor's	AA+	AA+	AA+	AA+	AA+
	• Fitch	AA+	AA+	AA+	AA+	AA+
B. Improve and protect the financial management system and have it available to address short and long-term needs	1. % of customers rating financial reporting services as good or better, based on accuracy, timeliness and customer focused processes	90%	85%	85%	86%	85%
C. Customers have the financial information they need to make informed decisions	1. % of customers who say they have the financial information they need to make informed decisions.	85%	80%	80%	81%	82%

Changes to Performance Measures from 2005-2006 Adopted Operating Budget: No

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS			
Administer Retirement Plans (Retirement Services)			
• Retirement Services Analytical Support	1.00	87,594	0
Employee Benefits (Human Resources)			
• Deferred Compensation Clerical Staffing	0.50	0	0
Health and Safety (Human Resources)			
• Return to Work and Commercial Driving Program		(50,000)	(50,000)
• Employee Flu Shots		40,000	40,000
• Health and Safety Non-Personal/Equipment Efficiencies		(27,265)	(27,265)
Performance Development (Human Resources)			
• Workforce Planning and Diversity Management	1.00	202,835	202,835
Subtotal	**2.50**	**253,164**	**165,570**
Outcome: SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT			
Facilities Management (General Services)			
• Facilities Management Staffing & Non-Personal/ Equipment Efficiencies	2.00	(64,078)	(64,078)
• In-Source Electrical Services	1.00	(56,390)	(56,390)
• Air Conditioning Maintenance Efficiencies	1.00	(19,031)	(19,031)
• In-Source Vehicle Maintenance Activities		(12,500)	(12,500)
• In-Source Day-Time Custodial Services at City Hall	2.00	0	0
• Preventive Maintenance and Minor Repair Funding		197,228	197,228
• *Rebudget: Customer Service Center Space Reconfiguration*		200,000	200,000
Fleet & Equipment Services (General Services)			
• In-Source Vehicle Maintenance Activities		(272,500)	0
Plan, Design and Construct Public Facilities and Infrastructure (Public Works)			
• Public Works Program Support Fund Redeployment	(2.60)	(268,375)	(69,401)
• Capital Improvement Program Staffing Reallocation to Public Works Fee Program	(2.00)	(202,078)	0
Strategic Support (Public Works)			
• Public Works Non-Personal/Equipment Efficiencies		(92,615)	(92,615)
• In-Source Vehicle Maintenance Activities		(11,000)	(11,000)
• Real Estate Program Consolidation	2.00	2,119,747	2,106,778
• Public Works Program Support Fund Redeployment	2.90	300,193	0
• Public Works Program Support Fund Technology Enhancements		90,000	0
• Telecommunication Contract Management		0	58,135
Strategic Support (General Services)			
• Real Estate Program Consolidation	(2.00)	(2,119,747)	(2,106,778)
Subtotal	**4.30**	**(211,146)**	**130,348**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY**			
Manage and Support the Information Technology Infrastructure (Information Technology)			
• In-Source Vehicle Maintenance Activities		(1,000)	(1,000)
• City Hall Data and Voice Network System Technical Support		610,000	610,000
• Wireless Internet System (WiFi) Phase 1 Expansion Maintenance and Support		42,000	42,000
• Rebudget: Central Service Yard Fiber Optic		80,000	80,000
Provide Enterprise Technology Systems and Solutions (Information Technology)			
• Consolidated Utility Billing System (C-UBS) Implementation	1.00	186,932	0
• Rebudget: FMS Maintenance		11,000	11,000
Strategic Support (Information Technology)			
• Information Technology Clerical Staffing	(0.75)	(42,195)	(42,195)
Subtotal	**0.25**	**886,737**	**699,805**
Outcome: **SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY**			
Purchasing and Materials Management (Finance)			
• U.S. Mail and Inter-Office Mail Processing Reorganization	(1.00)	(67,840)	(67,840)
• Procurement Reforms/Management Staffing and Software	2.00	343,518	343,518
Revenue Management (Finance)			
• Consolidated Utility Billing System (CUBS) Implementation		413,393	0
• Investment Program Staffing	1.00	100,759	100,759
• Rebudget: Business Tax Amnesty Program		228,400	228,400
Subtotal	**2.00**	**1,018,230**	**604,837**
Other Changes			
City-Wide Expenses (City-Wide)			
• 2-1-1 Call Center		100,000	100,000
• Banking Services		70,000	70,000
• City Charter Review		250,000	250,000
• City-Owned Property Database		155,000	155,000
• City Volunteer Background Checks		10,000	10,000
• Employee Recognition Program		25,000	25,000
• FMC Debt Service Payments		1,771,918	1,771,918
• Management Training - Public Speaking		25,000	25,000
• Pandemic Flu Planning		143,000	143,000
• Walk of Fame		50,000	50,000
• Miscellaneous Rebudgets		14,880,524	14,880,524

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
General Fund Capital, Transfers, and Reserves (City-Wide) (Cont'd.)			
• Capital Contributions: Central Service Yard Debt Service Payments Funding Shift		(878,000)	(878,000)
• Capital Contributions: Facilities Infrastructure Maintenance Backlog		1,000,000	1,000,000
• Capital Contributions: Rebudget of 2005-2006 Projects		9,665,635	9,665,635
• Transfer to Other Funds: Vehicle Replacement/General Fleet		(1,000,000)	(1,000,000)
• Earmarked Reserves: Salary and Benefit Reserve-Voluntary Furlough and Special Reduced Work Week		(250,000)	(250,000)
• Earmarked Reserves: Neighborhood Investment Fund		4,275,482	4,275,482
• Earmarked Reserves: Economic Uncertainty		3,277,665	3,277,665
• Earmarked Reserves: Technology		3,500,000	3,500,000
• Earmarked Reserves: Rebudgets		30,420,804	30,420,804
• Contingency Reserve: Rebudget		1,000,000	1,000,000
Subtotal	**0.00**	**68,492,028**	**68,492,028**
Total Core Service Changes	**9.05**	**70,439,013**	**70,092,588**

Service Delivery Framework

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Strategic Support CSA

Mission:

To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities, and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Finance Department

Core Services:

- Debt and Risk Management
- Disbursements
- Financial Reporting
- Purchasing and Materials Management
- Revenue Management

General Services Department

Core Services:

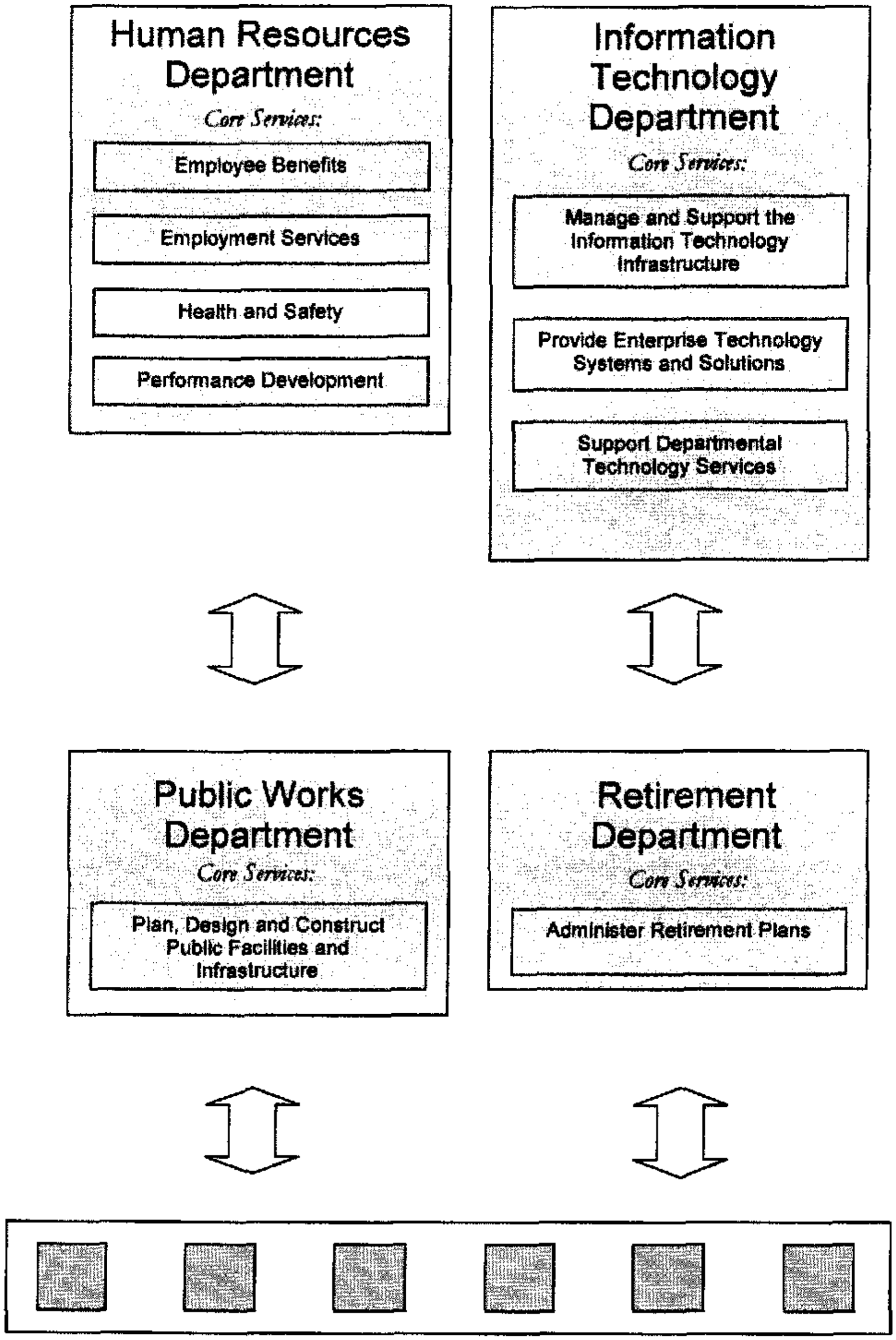
- Facilities Management
- Fleet and Equipment Services

Service Delivery Framework

Strategic Support CSA (Cont'd.)

PRIMARY PARTNERS (CONT'D.)
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES (CONT'D.)
Primary deliverables of the organization



Human Resources Department

Core Services:

- Employee Benefits
- Employment Services
- Health and Safety
- Performance Development

Information Technology Department

Core Services:

- Manage and Support the Information Technology Infrastructure
- Provide Enterprise Technology Systems and Solutions
- Support Departmental Technology Services

Public Works Department

Core Services:

- Plan, Design and Construct Public Facilities and Infrastructure

Retirement Department

Core Services:

- Administer Retirement Plans

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery

Core Service: Administer Retirement Plans

Retirement Services Department

Core Service Purpose

Implement policies and procedures to deliver retirement benefits and maintain the retirement plans.

Key Operational Services:

- ☐ **Supervise Investment of Plan Assets**
- ☐ **Provide Retirement Planning & Counseling**
- ☐ **Administer Retirement Benefits**
- ☐ **Analyze, Develop & Recommend Retirement Policy**

Performance and Resource Overview

The purpose of the "Administer Retirement Plans" core service is twofold. One purpose is to deliver retirement benefits to the retired employees of the City of San José and educate and market the retirement plan to active and future employees. The other purpose is to maintain fiscally sound retirement plans. The Administer Retirement Plans core service supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.* The Retirement Services Department is organized into the following operational services, which are key to meeting the mission of the core service:

Supervise Investment of Plan Assets

To maintain a fiscally sound plan, Retirement Services staff supervises the investment of assets in the retirement plans. There are two separate funds, one for the Police and Fire Department Retirement Plan (P&F) and the other for the Federated City Employee Retirement System (FCERS). The investment team monitors the external investment managers and ensures that they comply with the Retirement Boards' investment policies and guidelines. Currently, the investment team oversees $3.8 billion in assets, including nine real estate properties in seven states. This is an increase from 2004-2005 assets of $3.5 billion and eight real estate properties in six states. Strong relationships are established and maintained between staff and the various investment managers, custodian banks and financial consulting firms in order for staff to effectively administer the retirement plans and report on their performance to the Retirement Boards.

Last year, as of June 30, 2005, the investment program produced a rate of return of 11.0% for P&F and 8.9% for FCERS, which exceeded the actuarial assumed rate of return of 8.0% for P&F and 8.25% for FCERS. The median return for public pension plans was 9.4%. Results were achieved within the policy risk levels for the plans. The priority during the year was to rebalance the fund toward the secondary target allocations and improve operations with transition to the new custodian bank for FCERS, while the P&F Plan made steps to move toward new targets established last year.

Performance and Resource Overview (Cont'd.)

Supervise Investment of Plan Assets (Cont'd.)

Current targets are as follows:

	P&F	FCERS
Domestic Equities	34%	35%
International Equities	20%	15%
International Emerging Equities	5%	0%
Domestic Fixed Income	20%	34%
Long Bonds	4%	0%
Global Fixed	0%	7%
Real Estate	12%	6%
Private Market Equities	5%	3%

In 2005-2006, staff estimates it will monitor 100% of the portfolios for compliance with the Retirement Boards' Investment Policy Statement. For 2006-2007, the target for compliance will continue to be 100%.

Provide Retirement Planning and Counseling

The Department continues to provide individual retirement planning and counseling to active employees. Staff meets with prospective retirees and their spouses or domestic partners to facilitate a smooth transition into retirement. In 2005-2006, staff counseled 186 persons through the retirement process. In addition, the Department provides educational services and counseling to retired employees and their beneficiaries, such as a seven-week comprehensive course on retirement planning, lunchtime seminars, and evening educational series (CHOICES).

Retirement Services continues to offer noon "brown bag" seminars that are designed to include topics of value for active employees and retirees. There are currently 19 different course titles offered, and the information disseminated in the seminars can be readily adapted to the attendee's current life phase. In 2005-2006, 54 brown bag classes were offered. Interest in these seminars is strong, with 1,764 employees either enrolling or signing up for the wait list. The Department was able to meet demand for these seminars by introducing new course sections, accommodating 80 of 84 persons signed up on the wait list. During the next fiscal year, Retirement Services will be working to continue to increase the number of seminar attendees and specifically target outreach to younger active employees and the retirees.

Performance and Resource Overview (Cont'd.)

Provide Retirement Planning and Counseling (Cont'd.)

	2003-2004		2004-2005		Projected 2005-2006	
Brown Bag Classes Offered	30		46		54	
Total Enrolled	995	71%	1,308	92%	1,680	95%
Total on Wait List	411	29%	120	8%	84	5%
Total Enrollment Response	1,406		1,428		1,764	
Total Attended	652	66%	831	64%	1,080	64%
Total No Shows/Cancellations	343	34%	477	36%	600	36%
Total Enrolled	995		1,308		1,680	
Wait List Accommodated	237	58%	106	88%	80	95%
Wait List Not Accommodated	174	42%	14	12%	4	5%
Total Wait List	411		120		84	

In 2005-2006, a part-time Staff Technician position was added to assist in rolling out "independent living" seminars for retirees and their families. However, due to office space limitations, the recruitment process was postponed until remodeling work in the Department was complete. The work was completed in the fourth quarter of the fiscal year, and the part-time Staff Technician began July 2006.

Retirement Services staff now has procedures in place to be more proactive during disasters. As an example, staff reached out to our members living in the areas affected by Hurricane Katrina.

Administer Retirement Benefits

The Department administers the retirement benefits, including providing retirement checks and direct deposits for retirees, enrolling retirees in the health and dental plans, and accounting for revenue and expenses for the retirement plans.

The cost measure of administrative costs per $1 million of assets compares City administration costs to the average cost of other, similar plans. For 2005-2006, the administration costs of City Plans are 9% below the average cost of other similar plans (target was 14% below average of other plans). For 2006-2007, the target is set at plus or minus 10% of the average to other similar retirement plans.

Retirement Services' website, www.sjretirement.com, continues to be a useful tool and source of current and historical information to members. In 2005-2006, Retirement Services modified its website to allow retirees to review and print out 1099 forms going back to 1998. A pop up "alert" banner was also added to inform plan members of changes to the plan or increases in services. In

Performance and Resource Overview (Cont'd.)

Administer Retirement Benefits (Cont'd.)

addition, the website provides direct linkage to our healthcare provider's micro site set up for our retirees. In 2006-2007, the Department plans to increase the usefulness of the website to members and the investment communities by keeping them informed about issues related to managing the Plans' investment portfolios.

For 2006-2007, an Analyst position is included in this budget to support the investment program. This position will allow the group management to concentrate on higher levels of investment assignments and help achieve expected investment returns.

Analyze, Develop and Recommend Retirement Policy

The Retirement Services Department also analyzes, develops and recommends retirement policy for the Boards. Recommendations are made on specific issues, policies and procedures. Each year the Retirement Boards' investment committees prepare a work plan with projects for the year. Projects may include reviewing the asset allocation of the Plans, updating the investment policy and determining the added value and risk of a specific investment. For 2005-2006, vacancies in the department will result in staff completing projects in the agreed upon time frame 95% of the time, below the target of 98%. In 2006-2007, the target for completing projects within the timeframe will be 97%.

	Administer Retirement Plans Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
◎	% of employees that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals	90%	95%	95%	95%
◎	% of portfolios analyzed for compliance with investment policy	100%	100%	100%	100%
$	Admin. cost of City plans compared to similar plans	(21%)	(14%)	(9%)	+(10%)
◷	Information needed by the Boards and members is delivered in the agreed upon time frame	97%	98%	95%	97%
🎗	% of Boards and members that rate department services as very good or excellent based on accuracy and usefulness of work	88%	90%	90%	90%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Core Service: Administer Retirement Plans

Retirement Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Number of active & retired members surveyed	29	150	150	150
Number of employees reporting a positive impact	26	143	143	143
Number of portfolios	35	37	37	40
Number of portfolios analyzed annually	35	37	37	40
Admin. Cost per $1 million of assets:				
-Combined City Plans	$4,398	$5,096	$5,017	$5,260
-Average of similar plans	$5,323	$5,827	$5,483	N/A
Assignments by Board members completed on time	173	167	103	87
Boards' assignments to be completed	5	15	5	3
Investment committee workplan projects	26	30	34	30

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Administer Retirement Plans Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2005-2006 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,868,704	$ 2,399,310	$ 2,702,407	$ 2,790,001	16.3%
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	**$ 1,868,704**	**2,399,310**	**2,702,407**	**2,790,001**	**16.3%**
Authorized Positions	**22.10**	**23.98**	**24.48**	**25.48**	**6.3%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Administer Retirement Plans

Retirement Services Department

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS			
1. Retirement Services Analytical Support	**1.00**	**87,594**	**0**

This action adds an Analyst position to support the investment program to maintain and process all investment related contracts and the proxy voting program, and reconcile investment managers' monthly statements. (Ongoing cost: $93,544)

Performance Results:
Quality, Customer Satisfaction The addition of an Analyst position will enable department managers to concentrate on investment assignments and achieve the expected investment return.

2006-2007 Adopted Core Service Changes Total	**1.00**	**87,594**	**0**

Core Service: Debt and Risk Management

Finance Department

Core Service Purpose

Provide cost effective financing and insurance coverage for the City's capital assets.

Key Operational Services:

- ☐ **Debt Management**
- ☐ **Property and Liability Insurance**

Performance and Resource Overview

Debt and Risk Management refers to the financing and protection of the City's capital assets. This core service supports the Strategic Support CSA outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* This outcome is supported by financing capital projects at the lowest possible cost and providing adequate coverage for risk exposures.

The Debt and Risk Management core service enhances the City's financial condition so it will continue to be strong and considered among the best managed cities of similar size. One measure of fiscal strength is the City's bond rating. In 2005-2006, San José maintained its current ratings with the major ratings agencies (detailed below) and continues to be the highest rated city in California with populations over 250,000.

These ratings enable the City to borrow money at the lowest possible interest rate, thus reducing costs to finance capital projects. For example, through the passage of the Neighborhood Libraries and Parks and Recreational Facilities General Obligation Bond Measures in 2000, and the Neighborhood Security Act Bond Measure in 2002, the City was able to issue general obligation bonds to provide additional facilities and improve existing ones for residents.

In addition to general obligation bonds, the City issues lease revenue, airport revenue, and sewer revenue bonds to finance projects such as City Hall, the North Concourse Building at the Norman Y. Mineta San José International Airport, and improvements to the Water Pollution Control Plant. The City also facilitates construction of public infrastructure and affordable housing through issuance of special tax and special assessment bonds, multi-family housing revenue bonds, and housing set-aside tax allocation bonds.

On December 6, 2005, *The Bond Buyer*, the premier daily newspaper serving the municipal bond industry, announced that the City/Redevelopment Agency received the Far West Region and national "Deal of the Year" award for the City of San José's Merged Area Redevelopment Project Housing Set-Aside Tax Allocation Bonds, Series 2005A-D bond issue. The award recognized the innovation in developing a State-wide model for increasing allocations of tax-exempt bond capacity for affordable housing projects.

Performance and Resource Overview (Cont'd.)

The City and San José Redevelopment Agency (SJRA) transfer exposure for catastrophic events through insurance policies when the frequency of events cannot be predicted, the severity of potential losses could seriously hamper the City's operations, and where the cost of coverage is not prohibitive.

Risk Management staff currently place and maintain insurance for $1.86 billion of City-owned property, as well as Owner Controlled Insurance Programs ("OCIPs") for City Hall and the North Concourse Building. In addition, the City carries specialized insurance policies, such as police secondary employment insurance, to protect against liability arising from certain City activities.

Risk Management staff also assist the City and SJRA in transferring liability for all vendors, tenants, suppliers, contractors, and consultants by providing insurance specifications for all contracts. Risk Management staff then confirm compliance with those specifications prior to final contract execution by the City Clerk's Office. Risk Management staff also invoices all responsible parties for damages to City-owned property, thereby reimbursing the General Fund for repair or replacement costs.

In 2005-2006, it is anticipated that the percentage of contracts processed for insurance clearance within five days of receipt will be 76%, above the forecast of 60%. For 2006-2007, it is estimated that the percentage of contracts processed within five days of receipt would be 67% due to potential staffing changes and resulting vacancies.

Debt and Risk Management Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
City's General Obligation Bond rating - Moody's - Standard & Poor's - Fitch	 Aa1 AA+ AA+	 Aa1 AA+ AA+	 Aa1 AA+ AA+	 Aa1 AA+ AA+
Cost of Debt Management services as a percentage of the City's outstanding debt portfolio	0.020%	0.020%	0.019%	0.022%
Cost of Risk Management services as a percentage of the total insurable value of the City's assets	0.008%	0.009%	0.013%	0.016%
% of customers who rate Debt and Risk Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	91%	82%	82%	82%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Core Service: Debt and Risk Management

Finance Department

Performance and Resource Overview (Cont'd.)

	Selected Operational Measures	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
●	Percentage of contracts processed for insurance clearance within five days of receipt	79%	60%	76%	67%

Changes to Operational Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total cost for Debt and Risk Management services				
- Debt Management services	$833,303	$947,405	$868,373	$1,055,418
- Risk Management services	$156,306	$286,902	$250,997	$297,682
Total of the City's outstanding debt portfolio	$4.25B	$4.59B	$4.58B	$4.80B
Total insurable value of the City's assets	$1.86B	$1.90B	$1.86B	$1.90B
Total number of contracts processed for insurance clearance	3,046	3,500	3,000	3,000

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Debt and Risk Management Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 912,453	$ 1,083,811	$ 1,202,604	$ 1,202,604	11.0%
Non-Personal/Equipment	77,156	150,496	150,496	150,496	0.0%
Total	**$ 989,609**	**$ 1,234,307**	**$ 1,353,100**	**$ 1,353,100**	**9.6%**
Authorized Positions	**10.48**	**10.48**	**10.40**	**10.40**	**(0.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	Funds ($)	Fund ($)

Strategic Support CSA

Core Service: Disbursements

Finance Department

Core Service Purpose

Facilitate timely and accurate payment of the City's financial obligations.

Key Operational Services:

☐ **Accounts Payable** ☐ **Payroll**

Performance and Resource Overview

This core service is responsible for coordinating various disbursements for all City departments. Customers for this service include City employees, consultants, contractors and all other vendors the City pays for goods and services. The objectives of this core service include accurate and timely payments to City employees and vendors as well as timely responses to requests for information. This core service supports the Strategic Support CSA outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.*

Throughout 2005-2006, staff has continued to explore options for process improvements in both the accounts payable and payroll operations. For 2005-2006, 79% of the payments made are estimated to be paid accurately and on-time which is below the target of 86%. The decrease is due to reduced staffing as a result of retirements in the payroll and accounts payable sections. For 2006-2007, Finance anticipates an increase in performance to 82%. For 2006-2007, the percentage of vendor invoices paid within 30 days is estimated to improve to 69%, an increase over the 2005-2006 estimated level of 64%. In addition, improvements in the average number of days from invoice date to check issuance are due to continued communication efforts with client departments. This performance measure reflects the efforts by all City staff to complete accounts payable transactions within 30 days.

To ensure that departments have the requisite knowledge to input invoice information correctly into the Financial Management System, the Department continues to offer training to departments on an annual basis, as well as by request. In 2006-2007, departments will continue to receive quarterly reports that provide a comparison of their performance in relation to the city-wide cycle time measure. This will be distributed over the City's Intranet for next year, with additional detailed information to be made available on request by the departments.

In 2005-2006, PeopleSoft software modifications and upgrades continued to translate into improved efficiencies in payroll processes. Enhancements in timekeeping and labor cost reporting will improve efficiencies as all department timekeepers and payroll personnel become familiar with the enhancements. Additional enhancements in the PeopleSoft software will be implemented in 2006-2007 as the application is upgraded to the new Oracle PeopleSoft version 8.9. The enhancements are mainly related to employee "self-service" features and will include enhanced processes. These

Core Service: Disbursements

Finance Department

Performance and Resource Overview (Cont'd.)

new features will allow Payroll Services to re-direct a portion of their resources to increasing accuracy in payroll disbursements.

Staff collects and analyzes performance data by identifying activities and outputs involved in issuing vendor payments and employee paychecks. In 2005-2006, the cost per payment is estimated to be $5.72, below the target of $6.01. The estimated cost per payment for 2006-2007 is $6.04. This cost increase reflects full staffing for Disbursement Services in 2006-2007. The number of payments is expected to increase in 2006-2007 by approximately 10%, from 268,680 in 2005-2006 to 295,000 in 2006-2007.

The combined customer satisfaction survey for the Finance and Information Technology Departments is conducted in the fourth quarter each fiscal year. In 2004-2005, the percentage of customers who rated Disbursement Services as good or excellent was 94%; the 2005-2006 target and estimated percentage remains the same at 89%. For 2006-2007, Finance anticipates an increase to 90%.

Disbursements Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of payments made accurately and on-time	83%	86%	79%	82%
Cost per payment	$5.69	$6.01	$5.72	$6.04
Average number of days from invoice date to check issuance	32	34	32	31
% of customers who rate disbursement services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	94%	89%	89%	90%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Selected Operational Measures	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
% of vendor invoices paid within 30 days	69%	66%	64%	69%

Changes to Operational Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total cost for disbursement services	$1,535,545	$1,642,336	$1,536,669	$1,780,719
Total number of payments made	269,682	273,000	268,680	295,000
Vendor invoices paid	78,556	78,500	79,275	83,000

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Core Service: Disbursements

Finance Department

Performance and Resource Overview (Cont'd.)

Disbursements Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,498,118	$ 1,636,601	$ 1,774,984	$ 1,774,984	8.5%
Non-Personal/Equipment	37,427	5,735	5,735	5,735	0.0%
Total	**$ 1,535,545**	**$ 1,642,336**	**$ 1,780,719**	**$ 1,780,719**	**8.4%**
Authorized Positions	**18.70**	**18.70**	**18.55**	**18.55**	**(0.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Core Service: Employee Benefits

Human Resources Department

Core Service Purpose

Provide employee benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively.

Key Operational Services:

- ☐ ***Benefit Plans Administration***
- ☐ **Competitive Processes for Benefit Plans**
- ☐ ***Insurance Premium Payments***
- ☐ **Claims Processing**
- ☐ ***Eligibility and Contribution*** **Transfers**
- ☐ **Customer Services, Counseling,** ***Intervention and Mediation***
- ☐ **Human Resources Information System (HRIS) - Benefits Module** ***Administration and Maintenance***

Performance and Resource Overview

The Employee Benefits core service supports the Strategic Support CSA outcome: *A High-Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.* This core service strives to provide employees with a wide array of high-quality, affordable, and responsive benefits services, and to make accessing and utilizing these services as seamless and trouble-free to beneficiaries as possible. High-quality employee benefits are essential to being an "employer of choice" and to attracting and retaining a high-performing workforce.

The 2006-2007 investment of City funds for non-retirement employee benefits is over $70 million, details of which are included in the Statements of Source and Use of Funds for the Benefit Funds found elsewhere in this document. Employees, the Retirement Funds, and retirees contribute another $40 million for these non-retirement benefits. In addition, employees may choose to pay for a number of voluntary benefits through payroll deductions such as deferred compensation, long-term disability, long-term care, medical reimbursement accounts, dependent care accounts, supplemental life insurance, personal accident insurance, and other insurance products. The total value of employee/retiree benefits is projected to exceed $115 million in 2006-2007.

Key accomplishments in 2005-2006 include completion of requests for proposals (RFPs) for the employee benefits brokers and the dental programs, implementation of both eWay and the Medicare Part D program, and the special open enrollment for the long-term care plan.

The Benefits Broker RFP was the City's first competitive process to reduce benefit costs to the City and to employees. Ultimately, the two incumbent brokers (one for City-paid benefits and another for employee-paid benefits) prevailed in the competition. The incumbent brokers were the only

Performance and Resource Overview (Cont'd.)

two proposers that met the requirements for both local and small business enterprises. These agreements will save the City and employees $680,000 over the next four years.

The Dental Program RFP resulted in the retention of the self-insured indemnity plan as is and the replacement of the dental HMO (DHMO) plan. The improvements to the DHMO (benefits enhancements, broader provider network, and a five-year rate guarantee) were critical to making the less-expensive DHMO plan more attractive to participants in the higher-cost indemnity plan. DHMO enrollment is just over 400 participants compared to 6,200 for the indemnity plan. For every 100 employees who transition to the DHMO, the City saves about $60,000 per year.

The implementation of eWay for Open Enrollment began in November 2005. eWay is the City's online self-service application for employees, and its implementation was the result of a five-month development project. Over 1,100 employees submitted 2006 Open Enrollment changes (e.g., plan changes, dependent changes, etc.), and 100% were submitted on-line through eWay, eliminating the need for duplicative data-entry and a substantial amount of data auditing.

The implementation of Medicare Part D, the new federal prescription drug program, was completed by Human Resources with assistance from current medical plans. The federal program provides subsidies for the cost of prescription drugs for Medicare-eligible retirees. This program is expected to result in over $150,000 in savings per year.

Long-Term Care (LTC) Special Open Enrollment was designed to increase plan participation from 2% of the eligible workforce to a more typical enrollment level (5%-10%) for employers the size of the City of San José. The need for the enrollment was based on the National Safety Council's estimate that 40% of Americans will require LTC services in their lifetimes. This effort included a two-month education/communication program and a four-week enrollment period. The result was an increase from 150 to 775 employee enrollments (or 12.5% of the eligible workforce).

Key performance objectives in 2006-2007 include the PeopleSoft/Oracle upgrade to version 8.9, which will expand self-service access to the Internet (versus the Intranet alone) and provide additional self-service features for benefits; RFPs for health plans, deferred compensation, the Employee Assistance Program, medical reimbursement accounts, the dependent care assistance program; and Medical Insurance Cost Reduction Initiatives to explore and propose ways to minimize expenses on behalf of the City, the Retirement Funds, and the plan participants.

For 2006-2007, a part-time Office Specialist position was added to the Deferred Compensation Program. This position will increase clerical staff tenure and expertise and will allow the Deferred Compensation team to focus on participant education and use of eWay.

Core Service: Employee Benefits

Human Resources Department

Performance and Resource Overview (Cont'd.)

Employee Benefits Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
◎ % of providers in compliance with negotiated benefits	92%	92%	92%	92%
$ *Cost of benefits administration per FTE*	$145	$171	$151	$155
● % of requests for services responded to in one day	92%	90%	94%	90%
● % of HRIS transactions completed within the target pay period	100%	100%	100%	100%
🎗 % of participants rating benefit program products and services as good to excellent	N/A*	80%	N/A*	80%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* The question regarding benefits satisfaction was not included in the 2004-2005 Employee Survey and is currently under review for the 2006-2007 Employee Survey.

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Annual contributions to Deferred Compensation	$35.1M	$35.6M	$34.3M	$35.5M
% of employees contributing to Deferred Comp	67%	66%	69%	70%
% of employees/retirees enrolled in dental HMO	6%	10%	6%	8%

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Employee Benefits Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 983,084	$ 1,032,454	$ 1,156,292	$ 1,156,292	12.0%
Non-Personal/Equipment	849,882	845,161	719,600	719,600	(14.9%)
Total	**$ 1,832,966**	**$ 1,877,615**	**$ 1,875,892**	**$ 1,875,892**	**(0.1%)**
Authorized Positions	**11.12**	**11.12**	**11.12**	**11.62**	**4.5%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS			
1. Deferred Compensation Clerical Staffing	**0.50**	**0**	**0**

This action will convert $23,000 in funding for temporary staffing to 0.50 PT Office Specialist in order to increase staff tenure and expertise. The need for clerical assistance is ongoing, especially as the Deferred Compensation team focuses on participant education and emphasizes participant use of eWay. This action will continue to be funded by the Deferred Compensation Fund. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction Customers will be provided with a more consistent level of service.

	Positions	All Funds ($)	General Fund ($)
2006-2007 Adopted Core Service Changes Total	**0.50**	**0**	**0**

Core Service: Employment Services

Human Resources Department

Core Service Purpose

Facilitate the timely hiring of excellent employees, and administer the City's classification and compensation systems.

Key Operational Services:

☐ **Recruitment, Assessment and Hiring**
☐ **Employee Placements**
☐ **Temporary Employment Program**
☐ **Job Classification/Compensation**
☐ **Return to Work Program**
☐ **Employee Reallocations**
☐ **Civil Service and Hiring Rules, Policies and Procedures**

Performance and Resource Overview

The Human Resources core Employment Services team supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.* This core service partners with client CSA representatives to assist departments in conducting tailored job recruitments, administering candidate assessments for selected job classes, and managing effective, efficient, and defensible hiring processes. Additionally, working in a decentralized hiring environment, this team supports, advises, and trains liaisons to ensure adherence to employment services policies and procedures, as well as assists Workers' Compensation staff and employees who have work restrictions with reasonable accommodations and/or placement assistance to other available jobs.

Despite continued organizational downsizing, there continues to be a need to fill key positions due to retirements, employees leaving the City, and internal hiring. It is anticipated that 31% of the City's workforce will be eligible to retire in the next five years, representing significant future hiring needs at all levels of employment, including senior management. It is projected that the City will conduct over 1,500 hiring transactions in 2005-2006. This number of transactions, should they occur, would begin to approach the hiring level volume experienced in 2001-2002, just prior to the initial city-wide hiring freeze. The pending retirement of the "baby boomer" workforce is a national workforce challenge, which will make recruitment of qualified candidates even more competitive across the public sector. Prior staffing level reductions and the expected growth in hiring demand will put a strain on the Department's ability to meet service delivery demands next year.

In 2005-2006, Employment Services continued to provide executive recruiting services and now serves as the lead for all executive recruitments in the organization. Through the use of internal resources, Employment Services provided a cost-effective alternative to traditional specialized search firms. In 2005-2006 19 executive level recruitments were either initiated or completed.

Performance and Resource Overview (Cont'd.)

For 2006-2007, it is anticipated that a minimum of 14 executive searches would be conducted at Director and/or Deputy Director level positions. To meet this increased demand, Employment Services may avail itself of executive recruitment consulting services to supplement internal resources.

Despite freezes on classification actions in 2005-2006, classification and compensation services continue to be a key part of Employment Services. These services ensure that jobs are properly designed, described, and aligned to support business needs and sound organizational principles. In addition, compensation work includes analyses and actions to promote market-based compensation and to ensure internal pay equity among City jobs. In 2005-2006, Human Resources conducted two major surveys related to salary and benefits for Council Appointees and for Executive staff.

Employment Services is also responsible for city-wide testing and the creation of eligibility lists for classifications that are utilized by most departments. Due to budgetary constraints and the hiring freeze, current eligibility lists are out of date. The Department will be waiting to update as many of these out of date lists as possible in the coming year.

Employment Services is responsible for facilitating organizational downsizing by administering placements, bumping, redeployment, and layoffs of employees displaced because of budget reductions. In 2005-2006, staff successfully placed 49 employees who were affected by position cuts into other City jobs. In 2006-2007, the core service will continue to generate and use seniority lists as well as work closely with departments and displaced employees to find acceptable placements.

Employment Services also provides temporary employment resources for other CSAs by maintaining pools of employees and retirees available for temporary assignments. During a hiring freeze, the ability to use temporary pool employees provides a valuable alternative for staffing critical work. Increased demand for the use of temporary services in 2005-2006 included staff for projects such as the Consolidated Utility Billing System implementation and the PeopleSoft upgrade, as well as a way to backfill for retirements while recruitments were underway. In 2006-2007, Employment Services anticipates that the organization will continue to use temporary pool employees at a high level.

In 2005-2006, the Employment Services core service absorbed the responsibility for the Return to Work program that was eliminated from the Health and Safety Division. To date, 25 cases have been reviewed to determine if accommodation or alternate placements could be made. A similar number of cases is expected for 2006-2007.

In 2006-2007, Human Resources will review the Civil Service Rules related to probationary work periods and facilitate changes recommended by the Civil Service Commission. In addition, with three years of experience with the revised Civil Service Rules, staff is in the process of reviewing current practices, policies, and procedures in an effort to determine if changes or process improvements would be recommended.

Strategic Support CSA

Core Service: Employment Services

Human Resources Department

Performance and Resource Overview (Cont'd.)

	Employment Services Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
🎯	Turnover Rates: Total, All Employees	6.5%	<6.5%	6.6%	7.0%
🎯	Turnover Rates: Total, All Employees excluding Information Technology Employees	6.5%	<6.5%	6.7%	7.5%
🎯	Turnover Rates: Information Technology Employees	5.6%	<8%	3.5%	3.5%
🎯	% of employee performance reviews completed on schedule	8%	20%	15.6%	20%
🎯	% of hiring managers rating probationary employees as meets standard or above	98%	95%	95%	95%
⏱	Ratio of actual working days for external recruitment versus target	1.4	1.0	1.3	1.0
⏱	Ratio of actual working days for internal recruitment versus target	1.3	1.0	1.4	1.0
⏱	Working days to reclassify an occupied position		TBD*		

Changes to Performance Measures from 2005-2006 Adopted Budget: No

*No data available in 2005-2006 or 2006-2007 due to continuation of temporary freeze on reclassification actions.

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
New job postings, total	244	220	360	470
New job postings, internal	140	130	205	270
New job postings, external	104	90	155	200

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Core Service: Employment Services

Human Resources Department

Employment Services Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 916,388	$ 1,037,159	$ 1,146,760	$ 1,146,760	10.6%
Non-Personal/Equipment	81,043	89,763	89,763	89,763	0.0%
Total	**$ 997,431**	**$ 1,126,922**	**$ 1,236,523**	**$ 1,236,523**	**9.7%**
Authorized Positions	**12.00**	**11.00**	**11.00**	**11.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Core Service: Facilities Management

General Services Department

Core Service Purpose

Provide safe, efficient, comfortable, attractive, and functional buildings and facilities.

Key Operational Services:

☐ **Facilities Maintenance Services**
☐ **Facilities Improvement Services**
☐ **Special Event Support Services**
☐ **Technical Services**
☐ **Graffiti Abatement**

Performance and Resource Overview

Facilities Management is responsible for maintaining the City's building infrastructure through preventive and corrective maintenance and the implementation of facility improvements to enhance service delivery and the user's experience. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, and Equipment.* Facilities Management supports the CSA outcome by striving to ensure that all of the City's facilities meet the following criteria:

- Safe to occupy, operate, and use
- Functional to the operations supported and to the needs of the customers served
- Efficient building components and systems
- Attractive to the public and the surrounding neighborhoods
- Comfortable for the occupants and users

The economic environment once again presents significant challenges in sustaining the existing maintenance service levels and maintaining the overall condition of City facilities. Facilities Management continues to focus on looking for opportunities to 1) find ways to achieve operational savings; 2) address health, safety, and mission-critical maintenance services; 3) enable the development of maintenance programs based on available resources; and 4) develop mid- and long-term capital strategies for operators to manage their City facility assets.

For 2006-2007, Facilities Management budget strategies attempted to achieve operational savings while minimizing the impacts to customers in City facilities. One such strategy was contracting-in services where City employees can be competitive and meet customer demands. Facilities Management will continue to provide a complement of facility services by managing resources to meet facility maintenance needs. Facilities Management is assisting operators in developing mid- and long-term facility asset management strategies. These strategies will minimize facility downtime and decrease unplanned facility closures.

Performance and Resource Overview (Cont'd.)

The cost competitiveness of City trades staff and customer service staff has been analyzed over the past three years. In both categories, the result favored contracting-in. This year, there are several contracting-in opportunities which will generate operational and budgetary efficiencies. Rather than contract-out, the addition of one Electrician is included in this budget to provide preventive maintenance services for emergency power at a lower cost than that of a contractor. The addition of this position will provide a consistent preventive maintenance schedule and will allow for a more immediate response to issues related to emergency power. The addition of two Custodians for City Hall is also included in this budget. To offset the cost of these positions, a corresponding decrease in contractual services was also approved. With these new positions and the redeployment of a third custodian, all daytime custodial services at City Hall will be provided by in-house staff. This will eliminate the combination of both in-house labor and contractors working in the same location and classification at the same time. Also approved in this budget is the elimination of two journey level Air Conditioning Mechanics and the addition of three Maintenance Workers. This action will allow for a more efficient use of resources to perform the unskilled preventive maintenance tasks related to Heating, Ventilation, and Air Conditioning (HVAC) equipment. This will also allow the remaining mechanical staff to concentrate on critical maintenance requests that require a skilled tradesman.

Additional savings are realized through reductions in the non-personal/equipment budget. These reductions would reduce the level of contractual support that Facilities Management will be able to draw upon to address increased workload or to obtain technical expertise not available in-house. As a result, maintenance requests will have to be further scrutinized for not only prioritization, but also for possible deferral indefinitely. Facilities Management will continue to be ready to respond to any critical facility service, however, alternate funding sources will be required to augment Facilities Management's funding in some cases. Included in the 2006-2007 Adopted Capital Budget, therefore, is a $1.0 million allocation in one-time funding in the General Fund to specifically address deferred capital maintenance needs. This allocation, reflected in the Municipal Improvements Program, will serve to replace and improve several building systems that have deteriorated due to maintenance deficiencies. This should have a positive effect on the performance measure "% of facilities with a staff condition assessment rating of good or excellent."

Facilities Management is approaching one year of providing service at the new City Hall facility. This 530,000 square foot, eighteen-story building is unlike any other City facility, and providing proper operational maintenance and support has presented significant challenges to Facilities Management. The original staffing plan for maintenance services has proven to be relatively accurate. Exceptions exist in the area of event services, where demand for event and meeting support has been extremely high. Two positions have been added in this budget to help address the administrative and technical services demand; however, event staffing is still expected to be stressed during peak times. Facilities Management will monitor these peak periods and will look to redeploy resources from maintenance services if necessary. This strategy may require additional contractual support and/or increase the number of work orders that are deferred due to resource constraints. The events program is also represented in the 2006-2007 Fees and Charges document, which was approved by the City Council as part of the budget process. Ongoing analysis continues to occur to

Performance and Resource Overview (Cont'd.)

determine the proper fee level based upon the required resource allocation to provide this service and to meet Council direction for fee applicability.

Achieving the 100% target for the performance measure "% of health and safety concerns mitigated within 24 hours" continues to be a priority goal of Facilities Management. However, increased reliance on contractual services and vendor availability to address some of these concerns has resulted in response time delays in 2005-2006. The electrical contracting-in action should address some of these issues and improvement in this performance measure is expected in 2006-2007.

	Facilities Management Performance Summary	**2004-2005 Actual**	**2005-2006 Target**	**2005-2006 Estimated**	**2006-2007 Target**
◎	% of facilities with a staff condition assessment rating of good or excellent	18%	20%	20%	25%
$	Cost of maintenance/total square feet to be maintained	$3.95	$5.90*	$4.22	$5.90*
●	% of health and safety concerns mitigated within 24 hours	89%	100%	86%	100%
●	% of non-health and safety work completed within time standards	80%	75%	75%	80%
🎗	% of customers who rate service as good or excellent based on timeliness of response and quality of work	87%	80%	85%	87%
🎗	% of public who rate publicly accessed buildings as good or excellent	57%	63%	67%	70%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* The target for this measure demonstrates the estimated cost of providing maintenance at a more optimum level, including the ability to more proactively address preventative needs and maximize the useful life of facilities.

Activity & Workload Highlights*	**2004-2005 Actual**	**2005-2006 Forecast**	**2005-2006 Estimated**	**2006-2007 Forecast**
Total number of corrective work orders completed	6,129	6,800	5,790	7,300
Total number of preventive work orders completed	3,136	3,200	3,366	6,700
New square footage added during the period	97,000	114,920	589,166	57,696
Total square footage maintained	1.69M	2.45M	2.28M	2.34M

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

* Performance Summary and Activity & Workload Highlights do not take into account the addition of City Hall except where square footage is recorded. Baseline data and methodology adjustments will need to be established during 2005-2006 before data is reported.

Core Service: Facilities Management

General Services Department

Performance and Resource Overview (Cont'd.)

Facilities Management Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 6,383,559	$ 8,289,035	$ 9,163,610	$ 9,487,861	14.5%
Non-Personal/Equipment	4,630,537	8,343,011	10,621,909	10,542,887	26.4%
Total	**$ 11,014,096**	**$ 16,632,046**	**$ 19,785,519**	**$ 20,030,748**	**20.4%**
Authorized Positions	**78.00**	**98.00**	**99.50**	**105.50**	**7.7%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT			
1. Facilities Management Staffing and Non-Personal/ Equipment Efficiencies	2.00	(64,078)	(64,078)

This action adds 2.0 positions (1.0 Staff Technician and 1.0 Sound and Light Technician) to the General Services Department as a result of an analysis of operations at City Hall. The Staff Technician is required due to the volume of work orders, events paperwork, and pool vehicle duties. The Sound and Light Technician is required to address the heavy workload associated with events at City Hall. The cost of this addition is more than offset by a $200,000 ongoing reduction to the non-personal/equipment budget. This reduction will primarily impact the preventative maintenance program. (Ongoing savings: $64,078)

Performance Results:
Cycle Time Maintenance cycle times may increase during peak workload periods if in-house resources are unable to meet demand. More costly or intensive repairs may have to be deferred until alternate funding is identified. Event technical support cycle times, on the other hand, will improve as the resources available for this service will be able to provide better more timely service. ***Customer Satisfaction*** Event Services customer satisfaction should increase as technical support will be improved and the increase in administrative support will provide a more consistent level of customer service.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)

SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT (CONT'D.)

2. In-Source Electrical Services	**1.00**	**(56,390)**	**(56,390)**

This action adds 1.0 Electrician and reduces the contractual services budget by $147,000, generating $56,390 in General Fund savings. The additional Electrician position will perform preventative maintenance activities on backup generators at a lower cost than that of a contractor. (Ongoing savings: $56,390)

Performance Results:
Cost, Cycle Time Contracting-in backup generator maintenance services will decrease costs and generate savings. In addition, cycle times for generator preventive maintenance will improve.

3. Air Conditioning Maintenance Efficiencies	**1.00**	**(19,031)**	**(19,031)**

This action eliminates 2.0 vacant Air Conditioning Mechanics and adds 3.0 Maintenance Workers. The elimination of the Air Conditioning Mechanics will be mitigated by the addition of the Maintenance Workers, which will complete routine and preventative maintenance on Heating, Ventilation, and Air Conditioning (HVAC) equipment. With the net addition of one position, more routine maintenance activities will occur, which should result in the number of premature system failures decreasing. (Ongoing savings: $19,031)

Performance Results:
Cost, Cycle Time, Customer Satisfaction This action will improve HVAC services by decreasing preventive maintenance cycle times and increasing the number of preventive maintenance work orders completed overall. In addition, customer satisfaction with HVAC services should improve because the journey level Air Conditioning Mechanics will be able to focus on skilled maintenance activities and requests, while the Maintenance Workers will complete the less complex, routine activities.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)

SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT (CONT'D.)

4. In-Source Vehicle Maintenance Activities		**(12,500)**	**(12,500)**

This action will bring more vehicle maintenance and repair services in-house, while producing savings to the City through a reduction to the contractual services budget. Contingent upon the filling of two Mechanic position vacancies, this reduction will result in a cost savings of $272,500, of which $220,725 is generated in the General Fund. As a result of using in-house Fleet Maintenance staff to troubleshoot and resolve mechanical problems, efficiencies should be gained as less fleet equipment will be transported to and from outside facilities; however, cycle times may rise during peak workload periods due to the reduction in the ability for Fleet Management to use contractual services for some major and complex repairs. The cost savings in the General Services Department, Facilities Management Core Service is $12,500. (Ongoing savings: $12,500)

Performance Results:
Cycle Time A higher quality of work on repairs that are completed should be realized as it will be easier to monitor in-house staff repairs than with a vendor. ***Cycle Times*** Cycle times for routine repairs are anticipated to decrease as a result of bringing more of them in-house. Cycle times for major and complex repairs could increase, however, as the reduction in the ability to use contractual services during peak workload periods may cause some non-public safety related repairs to be deferred.

5. In-Source Day-Time Custodial Services at City Hall	**2.00**	**0**	**0**

This action in-sources day-time custodial services at City Hall. In 2005-2006, day-time custodial service were provided by a combination of 5.0 City staff Custodians and 3.0 contract staff Custodians. This action adds 2.0 Custodians and reduces the budget for contractual services by an equal amount to the cost of the positions ($116,750). With the addition of two new positions and the redeployment of an existing Custodian vacancy, City Hall will still be serviced by 8.0 Custodians during the day. (Ongoing cost: $0)

Performance Results:
No changes to service levels are anticipated as a result of this action.

6. Preventive Maintenance and Minor Repair Funding		**197,228**	**197,228**

This action provides funding for preventive maintenance and minor repairs for new facilities coming on-line in 2006-2007. These facilities include the Cambrian, Hillview, Almaden, and Evergreen Branch Libraries, Capital Park Goss Neighborhood Center, Starbird Youth Center, Alum Rock Park Maintenance and Service Yard, Vista Park Neighborhood Center, Overfelt House, and Gateway East Community Garden. (Ongoing costs: $231,773)

Performance Results:
Customer Satisfaction The addition of funding for new or expanded facilities coming on-line will offset the ongoing reduction in non-personal/equipment. However, the remaining funding will have to be spread amongst a larger inventory. The result is that cycle times for non-critical work orders may increase and customer satisfaction with maintenance services may slightly decrease.

Core Service: Facilities Management

General Services Department

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT (CONT'D.)			
7. Rebudget: Customer Service Center Space Reconfiguration		200,000	200,000

This action rebudgets 2005-2006 resources for the reconfiguration of modular furniture and purchase of some new furniture for the customer service center at City Hall. In addition, these funds will also be used to improve ergonomics and safety of the customer service center. (Ongoing cost: $0)

Performance Results: N/A (Final Budget Modification)

2006-2007 Adopted Core Service Changes Total	6.00	245,229	245,229

Core Service: Financial Reporting

Finance Department

Core Service Purpose

Provide accurate and meaningful reporting on the City's financial condition.

Key Operational Service:

☐ **Financial Information and Analysis**

Performance and Resource Overview

Financial Reporting services provided by the Finance Department address customer requirements for financial information and analysis. City departments use the information to improve quality and reduce costs of services provided, improve efficiency, improve decision making capabilities, and increase the sharing of knowledge; outside agencies seek reports for their unique purposes. This core service supports the Strategic Support CSA outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.*

Customers have indicated that financial information needs to be accurate, timely, and available in desired formats for it to be meaningful and useful to them. Through the first three quarters of 2005-2006, 99% of reports produced were estimated to be accurate and on-time, compared to a target of 90%. The target for 2006-2007 is being increased from 90% to 98%.

City staff continues to be involved with the monitoring of the City's investment in the Hayes Mansion. A Principal Analyst in this core service conducts on-going operational and financial reviews. A management company was appointed to operate the facility on January 1, 2004, and after its first full year of operating the facility (ending June 2005), Hayes Mansion revenues increased to $410.5 million, or 39% over the prior year. Revenue for 2005-2006 is expected to increase by 29% over 2004-2005. In July 2004, an agreement was entered into with Team San José to manage and operate the Convention and Cultural facilities of the City. A Senior Accountant position in this core service monitors and reports on the financial operations of these facilities. Revenue for 2006-2007 is budgeted at a 13% increase ($9.3 million). The Finance Department monitors monthly reports and prepares annual reports to Council on the financial operation of these facilities.

The Finance Department, in partnership with the Information Technology Department, upgraded the City's Financial Management System (FMS) to a new "windows-like" application that offers the user more functionality and flexibility. The new face of FMS is designed on "point and click" navigation rather than the prior function key method. All of the prior functionality in FMS has remained, however, there are added features in the new upgraded system. For example, besides easier navigation, users can easily download FMS reports into Word or Excel formats. New script tools allow users to upload journal entry data from Excel to FMS.

Strategic Support CSA

Core Service: Financial Reporting

Finance Department

Performance and Resource Overview (Cont'd.)

In 2004-2005, customer surveys showed that 86% of customers rated reports as good to excellent. It is anticipated that customer satisfaction with financial reporting services will meet its 2005-2006 target of 83%, which represents a slight decrease from 2004-2005 due to an approved staffing reduction. Financial Reporting staff continues to explore and encourage use of new methodologies in obtaining financial information, such as direct access to the financial system data warehouse tables that has translated into a more streamlined process in publishing the Monthly Financial Report. The Finance Department will conduct the annual customer satisfaction survey during the fourth quarter of 2005-2006 and will continue to use the information received from its customers to improve service levels to the extent possible.

For 2005-2006, it is anticipated that the cost per report will be $743 ($46 less than the estimated cost of $789) due to the retirement of three managers. The estimated cost per report for 2006-2007 is anticipated to increase to $841 with full staffing.

Financial Reporting Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of reports that are accurate and on-time	96%	90%	99%	98%
Cost per report	$735	$789	$743	$841
% of customers who rate reports as good or excellent on a 5-point scale based on clarity, timeliness, usefulness and availability in desired format	86%	83%	83%	86%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total cost for Financial Reporting services	$1.43M	$1.57M	$1.45M	$1.66M
Total number of reports provided	1,947	1,990	1,951	1,975

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Core Service: Financial Reporting

Finance Department

Performance and Resource Overview (Cont'd.)

Financial Reporting Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,426,805	$ 1,558,719	$ 1,651,625	$ 1,651,625	6.0%
Non-Personal/Equipment	3,582	11,100	11,100	11,100	0.0%
Total	**$ 1,430,387**	**$ 1,569,819**	**$ 1,662,725**	**$ 1,662,725**	**5.9%**
Authorized Positions	**15.27**	**15.27**	**14.55**	**14.55**	**(4.7%)**

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Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Core Service: Fleet and Equipment Services

General Services Department

Core Service Purpose

Manage safe and effective fleet and radio communications assets.

Key Operational Services:

- ☐ **Provide Repair and Maintenance of City Fleet and Equipment**
- ☐ **Manage the Acquisition and Equipping of the Entire City Fleet**
- ☐ **Manage Fuel Availability and Distribution**
- ☐ **Manage Radio Communications and Equipment**

Performance and Resource Overview

The goal of this core service is to provide safe and reliable vehicles and equipment that are readily available for City employees. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities and Equipment.*

The economic environment once again presents significant challenges in sustaining existing maintenance service levels and maintaining the overall condition of City fleet assets. Fleet Management continues to focus on looking for opportunities to 1) achieve operational savings; 2) address public health, public safety, and mission-critical fleet services; 3) enable the development of fleet and radio communications programs based on available resources; and 4) develop mid and long-term capital strategies for management of the City's communication infrastructure.

For 2006-2007, Fleet Management budget strategies were designed to achieve operational savings while minimizing the impact to City programs. These strategies include contracting-in services where City employees can be competitive and meet customer demands.

The primary challenge facing this core service is the identification of an optimum fleet size that provides cost savings, maximizes vehicle availability, and supports the delivery of City services. In meeting this challenge, Fleet and Equipment Services will continue to identify and provide alternatives to ownership and optimize City resources in the provision of vehicles and equipment to user departments. These alternatives include sharing across departmental lines, short-term rentals, leases, mileage reimbursement, and equipment pooling.

The fleet size is expected to continue to decrease in 2006-2007 as Fleet Management continues to work with departments to reduce the fleet size in a manner that does not disrupt delivery of services. To help facilitate this effort, a revised vehicle policy has been established which will help ensure that vehicles that do not meet minimum utilization standards or receive a special exception are removed from the fleet or considered for facility-specific pools. Achieving the optimal fleet size will be an ongoing effort that will be implemented strategically, so as not to impact critical department resources essential in supporting City services. In 2005-2006, Fleet Management partnered with the

Performance and Resource Overview (Cont'd.)

Police Department to reduce the marked patrol fleet size by ten vehicles to achieve nearly $300,000 in vehicle acquisition savings. In addition, it is anticipated that through the continuation of the marked patrol sedans rotation program, 35 police vehicles which had been budgeted for replacement will not need to be replaced, producing General Fund savings of over $1.0 million.

2005-2006 was the fifth consecutive year in which general fleet vehicle replacements were frozen. The Department continues to remove older, less reliable vehicles that have mechanically failed as part of the ongoing right-sizing effort. This has positively impacted the percentage of the fleet in compliance with the replacement cycle by eliminating some of the older and out of compliance vehicles. However, this effect has been offset by the lack of replacement funding. The average years in service for all active vehicles and equipment not assigned to the Police or Fire Departments is 10.2 years. As the age of the fleet, compounded by the inability to purchase replacements, may begin to impact the delivery of City services, $750,000 is allocated towards general fleet replacement in 2006-2007. With this level of replacement funding and the anticipated reduction of vehicles and pieces of equipment from the fleet, the number of general fleet vehicles in compliance with the replacement cycle is expected to increase slightly. In future years, as the fleet continues to come into compliance with the replacement schedule, cost per mile/hour will decrease (discounting inflation) and availability may increase.

The lack of vehicle and equipment replacement, staff vacancies, and contractual service reductions have contributed to the downward trend in both fleet availability and the percentage of repair and preventative maintenance work orders completed within 24 hours.

In 2005-2006 Fleet Management implemented a decentralized pool, an expansion of the existing Fleet Management Division pool program, comprised of metered, heavy, and transport vehicles. The decentralized pool facilitates interdepartmental sharing opportunities by using equipment already in the City's fleet inventory to augment a department's temporary equipment needs.

Legislation is under consideration that would require all public agencies and utilities to retrofit existing diesel powered equipment with advanced emission control technology. As the City has a large number of diesel powered pieces of equipment, Fleet Management staff are working aggressively to minimize the impact such legislation could have on operations. To that end, grant funding was secured in February 2006 that will allow a sampling of the City's fleet to be retrofitted with approved emission control equipment.

In 2005-2006, fuel costs increased at a much higher rate than anticipated due to a number of factors, including Hurricane Katrina, international demand increases, refineries shortages, etc. In response, $1.25 million was added to the Inventory appropriation in October 2005 to help fund the additional fuel costs. While fuel prices temporarily declined in the months following Hurricane Katrina, recent increases to fuel prices continue to cause concern for the 2006-2007 budget. For 2006-2007, approximately $4.9 million is allocated for fuel costs, an increase from the $3.8 million included in the 2005-2006 Adopted Budget. This allocation will need to be carefully monitored, and may require augmentation if prices continue to spike.

Core Service: Fleet and Equipment Services

General Services Department

Performance and Resource Overview (Cont'd.)

Fleet and Equipment Services Performance Summary	**2004-2005 Actual**	**2005-2006 Target**	**2005-2006 Estimated**	**2006-2007 Target**
🎯 % of fleet availability by class (of equipment)				
Police	100%	100%	100%	100%
Fire	100%	100%	100%	100%
General Fleet Light	94%	95%	92%	92%
General Fleet Heavy	92%	91%	86%	86%
Off Road Light	97%	98%	94%	94%
Off Road Heavy	94%	93%	94%	94%
🎯 % of fleet that is alternate fuel vehicles	9%	8.5%	9%	9%
🎯 % of marked patrol fleet replaced within established utilization criteria	67%	44%	51%	51%
$ *Cost per mile or hours, by class (of equipment)*				
Police	$0.34	$0.33	$0.33	$0.33
Fire	$3.64	$3.73	$3.23	$3.23
General Fleet Light	$0.32	$0.31	$0.36	$0.36
General Fleet Heavy	$1.26	$1.26	$1.33	$1.33
Off Road Light	$5.50	$5.37	$4.76	$4.76
Off Road Heavy	$36.71	$33.17	$32.92	$32.92
🕐 % of fleet in compliance with replacement cycle by class (to be replaced/scheduled to be replaced)				
Police	94%	100%	95%	100%
Fire	100%	100%	100%	100%
General Fleet Light	93%	94%	93%	92%
General Fleet Heavy	92%	94%	91%	92%
Off Road Light	50%	66%	52%	59%
Off Road Heavy	99%	99%	100%	100%
🕐 % of service work orders completed within 24 hours				
preventive maintenance	66%	70%	62%	62%
repairs	64%	66%	59%	59%
combined	64%	67%	60%	60%
🎗 % of customers who rate service good or better based on:				
Timeliness	84%	79%	77%	77%
Convenience	86%	84%	90%	84%
Courtesy	96%	95%	97%	95%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Core Service: Fleet and Equipment Services

General Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights*	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total number of repair work orders	20,324	20,527	19,260	20,740
Total number of prescribed preventative maintenance work orders	6,442	6,117	6,595	6,595
Total number of vehicles and equipment	2,715	2,660	2,665	2,643

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

* The Activity & Workload Highlights do not reflect the Radio Communications Program.

Fleet and Equipment Services Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 6,896,798	$ 7,634,660	$ 8,210,092	$ 8,210,092	7.5%
Non-Personal/Equipment	2,489,370	2,709,917	2,701,884	2,429,384	(10.4%)
Inventory	5,356,122	5,608,199	6,744,199	6,744,199	20.3%
Total	**$ 14,742,290**	**$ 15,952,776**	**$ 17,656,175**	**$ 17,383,675**	**9.0%**
Authorized Positions	**89.50**	**89.50**	**89.50**	**89.50**	**0.0%**

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Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT			
1. In-Source Vehicle Maintenance Activities		**(272,500)**	**0**

This action will bring more vehicle maintenance and repair services in-house, while producing savings to the City through a reduction to the contractual services budget. Contingent upon the filling of two Mechanic position vacancies, this reduction will result in a cost savings of $272,500, of which $220,725 is generated in the General Fund. As a result of using in-house Fleet Maintenance staff to troubleshoot and resolve mechanical problems, efficiencies should be gained as less fleet equipment will be transported to and from outside facilities; however, cycle times may rise during peak workload periods due to the reduction in the ability for Fleet Management to use contractual services for some major and complex repairs. (Ongoing savings: $272,500)

Performance Results:
Quality A higher quality of work on repairs that are completed should be realized as it will be easier to monitor in-house staff repairs than with a vendor. ***Cycle Times*** Cycle times for routine repairs are anticipated to decrease as a result of bringing more of them in-house. Cycle times for major and complex repairs could increase, however, as the reduction in the ability to use contractual services during peak workload periods may cause some non-public safety related repairs to be deferred.

	Positions	All Funds ($)	General Fund ($)
2006-2007 Adopted Core Service Changes Total	**0.00**	**(272,500)**	**0**

Core Service: Health and Safety

Human Resources Department

Core Service Purpose

Provide services that ensure employee health, safety, and well-being.

Key Operational Services:

☐ **Employee Health Services**

☐ **Workers' Compensation**

☐ **Proactive Safety Program**

Performance and Resource Overview

A safe and healthy work environment is a vital concern to the City as an employer. The Health and Safety core service is charged with ensuring a safe workplace and healthy employees in compliance with all applicable State and federal regulations related to employee health and safety in the workplace. The Health and Safety core service supports the Strategic Support CSA outcome: *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.*

Employee Health Services

Employee Health Services (EHS) provides employee medical exams and testing which are mandated by the Occupational Safety and Health Administration, as well as those that are contractually mandated. The services include hearing tests, lung function tests, physical examinations, laboratory blood testing, vision testing, and other testing as needed. Post-offer medical evaluations are also offered to new hires to ensure that they are appropriately matched to their positions. In addition, EHS provides medical clearance and advice to comply with various workplace legislation, such as medical clearance for the Commercial driver's licenses through the Department of Motor Vehicles; drug testing for compliance with Federal Motor Carrier Safety Administration; and medical advice to help the City comply with the Americans with Disabilities Act and the Fair Employment and Housing Act.

In 2006-2007, EHS will continue to maintain compliance with governmental and contractual requirements. In addition, $40,000 in additional ongoing funding has been approved to resume the provision of employee flu shots for up to 2,000 employees. This funding had been eliminated from the budget in a prior year budget balancing action.

Workers' Compensation Program

The Workers' Compensation Program's main objective is to ensure injured employees receive adequate and appropriate treatment through an effective claim management process. The treatment

Performance and Resource Overview (Cont'd.)

Workers' Compensation Program (Cont'd.)

plan may include medical treatment, as well as rehabilitation. Workers' compensation costs are reflected in the City-Wide section of this document.

In 2005-2006, for the second consecutive year, workers' compensation costs are projected to decrease as compared to the previous year. This can be attributed to the Workers' Compensation Cost Containment Program efforts in prevention, mitigating past claims and costs, implementation of legislative reforms, and working collaboratively with other City departments to foster safe work environments. During the first eight months of this fiscal year, the total number of new claims decreased by 48 from 837 to 789, as compared to the same period in 2004-2005. This represents a 4.8% reduction in the number of new claims from July 2005 to February 2006. In addition, the cost of all claims in the current year through March 2005 is $12.01 million as compared to $13.9 million last year, a decrease of $1.8 million, or 12.9%.

In 2006-2007, cost containment will continue to be the major focus of the Workers' Compensation Cost Containment Program, and an RFP process will be conducted for a medical bill review vendor.

In addition, the non-personal/equipment budget will be reduced by $77,265. Of this amount, $50,000 reflects the transfer of costs associated with the return-to-work program to affected departments and the shift of the oversight of the City's commercial driving program from temporary staff to an existing permanent Senior Office Specialist position in the unit. The remaining $27,265 is a reduction in non-personal/equipment funding that is anticipated to have no service level impact.

Health and Safety Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
◎ Risk Management training hours per FTE: by Risk Management staff and total	0.01	0.01	0.01	0.01
◎ Number of Workers' Compensation claims per 100 FTEs	18.6	18.0	18.0	17.0
◎ Number of worker days lost per Workers' Compensation claim	17.0	18.0	18.0	18 .0
◎ Number of worker days lost to injury per FTE	3.6	4.0	4.0	4.0
$ Expenditures for Workers' Compensation Per $100 of total jurisdiction salaries and benefits	$4.80	$4.40	$4.40	$4.40

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Core Service: Health and Safety

Human Resources Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Number of open workers' compensation claims	4,476	4,200	4,200	4,200
Number of new workers' compensation claims	1,270	1,250	1,250	1,200
Number of employees trained in safety	296	100	100	100
Number of ergonomic evaluations	289	100	100	100
Total workers' compensation costs	$18.1M	$17.8M	$16.5M	$16.5M

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Health and Safety Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,776,980	$ 2,711,691	$ 2,982,275	$ 2,982,275	10.0%
Non-Personal/Equipment	326,667	506,744	506,744	469,479	(7.4%)
Total	**$ 3,103,647**	**$ 3,218,435**	**$ 3,489,019**	**$ 3,451,754**	**7.2%**
Authorized Positions	**29.50**	**28.50**	**28.50**	**28.50**	**0.0%**

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Strategic Support CSA

Core Service: Health and Safety

Human Resources Department

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)

A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Return to Work and Commercial Driving Program		**(50,000)**	**(50,000)**

This action reduces non-personal/equipment funding in Human Resources by $50,000 ($10,000 from the Return to Work Program and $40,000 from the Commercial Driving Program). Costs related to providing work opportunities for injured employees will be incurred by the injured employee's department, and coordination related to the Commercial Driving Program will be assumed by existing staff (Senior Office Specialist). This ongoing reduction was included as a one-time savings in the Department's 2005-2006 Cost/Position Management Plan. (Ongoing savings: $50,000)

Performance Results:
Cost The cost of equipment not covered by Workers' Compensation will be borne by the injured employees' departments.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
2. Employee Flu Shots		**40,000**	**40,000**

This action allows for the resumption of the provision of flu shots to City employees. This funding will cover up to 2,000 employees at $20 per shot. (Ongoing costs: $40,000)

Performance Results:
Customer Satisfaction Employees will be able to receive flu shots at their worksite with minimal time off and at no cost to the employee.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
3. Health and Safety Non-Personal/Equipment Efficiencies		***(27,265)***	***(27,265)***

This action reduces non-personal/equipment funding in Human Resources Department, Health and Safety core service by $27,265. The Department will control spending in all discretionary categories in *non-personal/equipment with no anticipated service level reduction from this action.* (Ongoing savings: $0)

Performance Results: N/A (Final Budget Modification)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
2006-2007 Adopted Core Service Changes Total	**0.00**	**(37,265)**	**(37,265)**

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Core Service Purpose

Enable the availability and relevancy of data and voice communications, and provide direct customer support and training for technology equipment and applications.

Key Operational Services:

☐ **Core Infrastructure**
☐ **Telecommunications**
☐ **Servers**
☐ **Desktop Support**
☐ **Technical HelpDesk**

Performance and Resource Overview

The purpose of the Manage and Support the Information Technology Infrastructure core service is to provide and manage voice and data communication services that enable internal and external customers to connect to City services and systems. In support of the communication network, this core service assists customers in determining the equipment and software necessary for their requirements, and coordinates the installation of, training for, and support of the equipment and software. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

Core Infrastructure (Voice and Data Services)

In 2005-2006, the Department anticipates achieving a voice and data network availability performance level of 99.95% for the entire central network (Old City Hall, City Hall and telephone) under the currently supported business hours (Monday through Friday 7am – 6pm). The City Hall component "% of network services available during normal business hours" target has been reduced in 2006-2007 to 99.95% based on the requirements and expectations for phone usage on the converged voice and data network. The Old City Hall (OCH) component target figure in 2006-2007 has also been set to 100% because in 2006-2007 the network operation center at the Old City Hall Network Operations Center (OCH NOC) will be phased out and dependency on the OCH network will decrease. The OCH network will be collapsed and the fiber path will be rerouted. Completion of the OCH NOC closure is expected in 2007-2008.

The 2006-2007 performance target for customer satisfaction on availability of network services will remain at 80%. The elimination of the night shifts and reduction of the swing shift staff by 33% while continuing to deploy new technologies such as voice over Internet protocol (VoIP) at City Hall have negatively impacted the Department's ability to meet customer expectations. It is estimated that customer satisfaction will be at the 70% level in 2005-2006. New technology features in City Hall required greater demand on the departmental resources as City Hall occupants learned new technology features. It is expected that after this initial adjustment to the new technologies, customer satisfaction will increase to the 80% targeted level in 2006-2007.

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Performance and Resource Overview (Cont'd.)

Core Infrastructure (Voice and Data Services) (Cont'd.)

The average duration of network outages during normal business hours in 2005-2006 is estimated at five minutes, compared with previous forecasts of four hours, due to the deployment of the new more robust network in City Hall. It is however expected that the average duration of network outages during normal business hours in 2006-2007 will be one hour due to the addition of remote locations such as the Police Administration Building and the Central Service Yard.

In the area of voice and data services, several major projects took place during 2005-2006. Most notably, the Department supported the move of approximately 2,200 data and voice connections and department servers from various locations throughout the City as part of the move to City Hall. This effort started in 2004-2005 and was completed in 2005-2006.

In 2005-2006, staff focused on five keys areas: 1) identifying opportunities for improving redundancy of the core network through possible expansion; 2) retirement of the OCH NOC; 3) training and transition of the new infrastructure from Nortel's managed services; 4) further expansion of the Active Directory migration; and 5) deployment of the e-mail upgrade.

The City will endeavor to leverage the converged network infrastructure established at City Hall by upgrading off-site phone systems to VOIP whenever possible. In anticipation of being able to implement this strategy, the performance target for 2006-2007 "% of telecommunication work orders resolved within 3 days of receipt of repair order" has been raised to 90%.

HelpDesk and Desktop Support

In 2005-2006, the Department undertook an effort to greatly expand its focus on customer service. Coinciding with the relocation to the City Hall, a significant first step in this initiative was combining staff from several departments and forming a centralized Technology HelpDesk. Rather than have several department-specific technology support groups, the Technology HelpDesk represents a single point of contact for customers. The Technology HelpDesk was initiated in June and was fully staffed by September 2005. The features for this new service are; 1) a single point of contact for coordination within the Technical Support groups; 2) an information center for system-wide issues; 3) a reference center for end users as well as technical support staff; and 4) multiple ways for customers to receive service and encourage self sufficiency. The Technology HelpDesk incorporates a work order system to capture, prioritize, and manage all help desk calls. The HelpDesk addresses initial questions, prioritizes, and routes customer service requests to the appropriate groups for additional assistance and action. Because the HelpDesk is a new way to deliver customer service, prior years' metrics are not directly applicable to current practice. Therefore 2004-2005 "% of service requests resolved within established guidelines" performance measure actuals have been reported as "Not Available" and current year reporting has been extrapolated to reflect a full fiscal year.

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Performance and Resource Overview (Cont'd.)

HelpDesk and Desktop Support (Cont'd.)

Information Technology was successful in providing resources to both implement new technology and maintain day-to-day operations. These commitments, however, in addition to a major site relocation, challenged the organization's ability to meet the technology demands of the organization within existing staffing levels. The first full year of City Hall occupancy has generated an anticipated high initial demand for desktop support as employees adjusted to their new work environment and as staff learned to effectively support the new technology. In 2005-2006 it is estimated that 9,000 service requests will be received. This will likely result in lower customer satisfaction ratings in 2005-2006, but is expected to improve in the upcoming years. It is anticipated that the increase in desktop support service requests along with the stabilization of the new service model will generate a lower level of customer satisfaction. As a result, the performance measure "% of total customers rating customer support good or excellent based on timeliness" is projected to decrease to 70% in 2005-2006 as compared to the 2004-2005 actual level of 78%.

The HelpDesk team continues with its efforts to provide "first contact closure" and other solutions that will help accommodate greater workloads. Through process improvement and implementing software tools, some performance measures have remained strong. An example has been the performance measure "% of service requests resolved with established guidelines: 1 hour for urgent requests" which is tracking to exceed the current target of 85% for 2005-2006. By using tools such as software that can remotely control desktop computers, staff is able to fix problems in a more efficient manner. Thus, this performance measure is consistent with previous projections.

In addition to the new Technology HelpDesk, a merged team of technicians and engineers was created to perform second-level support for customers. This expanded Desktop Support team is dispatched to the customer's desktop to resolve issues requiring a physical presence. The merged team, while still supporting department-specific applications and hardware, began moving into a city-wide support model.

Strategic Support CSA

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Performance and Resource Overview (Cont'd.)

Manage and Support the Information Technology Infrastructure Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of network services available during normal business hours				
- Old City Hall central network	100%	98.00%	100%	100%
- New City Hall network	100%	99.99%	99.95%	99.95%
- Telephones	99.95%	100.0%	99.95%	99.95%
% of telecommunication work orders resolved within 3 days of receipt of repair order	97%	80%	85%	90%
% of service requests resolved within established guidelines:				
- 1 hour for urgent requests	N/A	85%	98%	98%
- 4 hours for all other requests	N/A	80%	62%	80%
% of total customer response with good or excellent rating on availability of network services	77%	80%	70%	80%
% of customers rating customer support as *good or excellent*				
- based on timeliness	78%	70%	70%	70%
- based on quality of service	75%	70%	70%	70%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Number of network outages	0	5	5	5
Number of network outages during normal business hours	0	5	5	3
Average time of network outages during normal business hours	N/A	4 hours	5 minutes	1 hour
Number of telephones	7,500	5,300	5,300	3,500
Number of managed services IP phones	705	2,200	2,200	4,000
Number of telecommunication repair orders	769	700	1,500	2,000
Number of desktop support service requests	N/A	6,000	9,000	10,000

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Performance and Resource Overview (Cont'd.)

Manage and Support the IT Infrastructure Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,580,593	$ 4,614,359	$ 5,015,798	$ 5,015,798	8.7%
Non-Personal/Equipment	1,776,212	3,530,297	2,978,058	3,709,058	5.1%
Total	**$ 6,356,805**	**$ 8,144,656**	**$ 7,993,856**	**$ 8,724,856**	**7.1%**
Authorized Positions	**50.50**	**43.50**	**44.00**	**44.00**	**1.1%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. In-Source Vehicle Maintenance Activities		**(1,000)**	**(1,000)**

This action will bring more vehicle maintenance and repair services in-house, while producing savings to the City through a reduction to the contractual services budget. Contingent upon the filling of two Mechanic position vacancies, this reduction will result in a cost savings of $272,500, of which $220,725 is generated in the General Fund. As a result of using in-house Fleet Maintenance staff to troubleshoot and resolve mechanical problems, efficiencies should be gained as less fleet equipment will be transported to and from outside facilities; however, cycle times may rise during peak workload periods due to the reduction in the ability for Fleet Management to use contractual services for some major and complex repairs. The cost savings in the Information Technology Department, Manage and Support the Information Technology Infrastructure Core Service, is $1,000. (Ongoing savings: $1,000)

Performance Results:
Quality A higher quality of work on repairs that are completed should be realized as it will be easier to monitor in-house staff repairs than with a vendor. ***Cycle Times*** Cycle times for routine repairs are anticipated to decrease as a result of bringing more of them in-house. Cycle times for major and complex repairs could increase, however, as the reduction in the ability to use contractual services during peak workload periods may cause some non-public safety related repairs to be deferred.

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY (CONT'D.)			
2. City Hall Data and Voice Network System Technical Support		**610,000**	**610,000**

This action provides one-time funding for an additional year of managed services for the City Hall data and voice network system, pending completion of City training and handover process. The extension of managed services will provide for continued 24 x 7 technical support, remote monitoring and alerting, and on-site Nortel technical staff to manage City Hall's data and voice network system. After training is completed and a six-month handover process from Nortel to City staff has been performed, City staff will take over maintenance and operation of the system. (Ongoing costs: $0)

Performance Results:
Quality Risks related to the performance of the data and voice network system will be minimized as City staff undertakes adequate training and fulfills the phased handover process. ***Customer Satisfaction*** Network availability will be maintained at or above 99.95%

3. Wireless Internet Systems (WiFi) Phase 1 Expansion Maintenance and Support		**42,000**	**42,000**

This action provides funding for the maintenance and support costs associated with the installation of an expanded downtown WiFi system. (Ongoing costs: $42,000)

Performance Results:
Quality, Customer Satisfaction Wireless operations will support additional functionality to satisfy increased technical needs of the City and its customers in the downtown area. Communications will be enabled for a parking guidance system that will improve traveler information for downtown visitors by directing them to available parking through dynamic signage.

4. Rebudget: Central Service Yard Fiber Optics		**80,000**	**80,000**

The rebudget of unexpended 2005-2006 funds will allow for the completion of fiber optic cable installation from City Hall to the Central Service Yard. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2006-2007 Adopted Core Service Changes Total	**0.00**	**731,000**	**731,000**

Core Service: Performance Development

Human Resources Department

Core Service Purpose

Provide workforce and organizational development programs that build the performance capacity of employees and enable service delivery results that meet customer expectations.

Key Operational Services:

Workforce Development:

☐ **City-wide Mentoring Program**
☐ **Leadership and Management Training**
☐ **City-wide Skill Training**
☐ **New Employee Orientation**
☐ **City-wide Employee Recognition**

Organizational Development:

☐ **Workforce Planning and Diversity Management**
☐ **Community and Employee Surveys**
☐ **Contracting–In Program**
☐ **Service Improvement Consulting**

Performance and Resource Overview

Prior to 2006-2007, the Performance Development core service was known as the Training and Development core service. The Performance Development core service strives to develop and engage individual employees as valuable and valued members of a high-performing workforce and promote evaluation and performance improvement of service delivery systems and practices. This core service contributes to the Strategic Support CSA's outcome: *A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations.*

Workforce Development

City-wide workforce development programs include the City-wide Mentoring Program, New Employee Orientation (NEO), supervision training (Leadership and Supervision Academy - LSA), leadership development (Art and Practice of Leadership - APL), and a selection of courses teaching computer, communication, technical, and City operations skills.

The new City-wide Mentoring Program was launched in September 2005 to six departments. The program was successful in matching, training, and supporting 50 pairs of mentees/mentors in its first six-month phase. In its second phase, the program will be expanded to 11 departments and will enroll nearly twice as many participants.

During 2005-2006, 14 sessions of NEO will be offered to about 250 newly-hired employees. Session topics include organizational values, policies, and practices. LSA was offered twice in 2005-2006. 82% of City supervisors have now received training on becoming a more effective supervisor, including instruction in employee performance management, ethics, hiring, and setting goals and targets. Of those who attended the LSA in 2005-2006, 91% rated the curriculum as good to excellent for job relevance to job and career development.

Workforce Development (Cont'd.)

The 2005 APL Program graduated 25 managers from 13 departments. The purpose of this program is to train and develop a diverse and highly talented employee group to take on the highest levels of responsibility and leadership within the City organization. This program was successful, as 97% of participants rated the curriculum as good to excellent for relevance to job and career development and quality of instruction. Overall, 160 training courses are estimated to be offered in 2005-2006. New course offerings this year include conflict mediation skills and ethics in the workplace.

Organizational Development

In 2005-2006, responsibility for several organizational development services was transferred to the Human Resources Department. These include the biannual Community Survey and Employee Survey, the Contracting-In Program, and service delivery improvement consulting.

The 2005 Community Survey results, reported to Council in April 2006, showed that resident satisfaction with the overall quality of City service delivery remained consistent with previous surveys (76%) and is significantly higher than that of other large Bay Area cities, such as San Francisco (37%) or Oakland (30%). The Survey also showed that eight out of ten residents having contact with City employees were satisfied or very satisfied with the employees' competence, courtesy, and timeliness, slightly exceeding the Strategic Support CSA's performance target.

The Contracting-In (CI) Program was continued in 2005-2006 as part of a strategy to mitigate the impact of budget reductions on City employees. Under the program, contractual services are evaluated for opportunities to "contract-in" using City employees while maintaining service levels and cost-effectiveness. In 2005-2006, the CI process was used to analyze the most cost-effective way to provide preventive maintenance on emergency generators and resulted in the retention of an Electrician position and annual savings of approximately $142,000. A Carpenter/Locksmith position was recommended to be retained to best deliver ongoing locksmithing services. In addition, the process worked to accelerate the hiring of approved painter positions saving the City in excess of $100,000.

Two service delivery improvement consulting studies were completed in 2005-2006. The Vehicle Abatement Pilot Program study assessed the relocation of the Vehicle Abatement function to the Department of Transportation. Performance measures indicated a doubling of the percentage of cases responded to and abated within timeframe goals, and customers reported an overall 10% increase in satisfaction. The Planning Counter Staff Customer Service Workshop developed recommendations to increase efficiencies and collaboration between counter staff and supervisors and to improve customer service in the new Development Services Center. A number of these recommendations were carried forward in the Counter-to-Council Task Force Workplan.

In 2006-2007, the Human Resources Department will continue to focus on the aforementioned Workforce and Organizational Development efforts. In addition, the Workforce Planning and

Performance and Resource Overview (Cont'd.)

Organizational Development (Cont'd.)

Diversity Management program was approved to be launched, including the addition of a Senior Analyst and selection of a consultant to assist in program design, implementation, and measurement. Additionally, individual workplans emerging from the CSA-SJSU Public Sector Career Initiative will be implemented, linking the City and the University through internships, continuing education, and promotion of public sector career opportunities. Additional City-Wide expenses funding is approved for enhancements to the City-Wide Employee Recognition Program ($25,000) and a comprehensive training program in public speaking focusing on employees engaged in public outreach ($25,000) was also approved in this budget.

Performance Development Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
🎯 % of employees rating the effectiveness of training classes as "good" or "excellent" in meeting their principal training objective:				
- Current Job	91%	95%	95%	95%
- Career Development	94%	95%	93%	95%
- Personal Growth	New	New	New	95%
🎯 % increase in content knowledge as a result of training:				
- Art and Practice of Leadership	New	New	20%	20%
- Leadership & Supervision Academy	New	New	38%	35%
🎯 % of Supervisors rating improvement in Participants' job performance as "good" or "excellent" :				
- Art and Practice of Leadership	New	New	New	85%
- Leadership & Supervision Academy	New	New	New	85%
🕐 % of Citywide skill training requests filled within time objectives	94%	85%	92%	85%
🎗 % of customers satisfied or very satisfied with Citywide training services (4 or better on a 1-5 scale)	91%	95%	92%	90%

Changes to Performance Measures from 2005-2006 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2005-2006 Adopted Budget:

- ↺ "% of employees rating the effectiveness of training classes as good or excellent" was changed to include participants' principal training objectives.
- + "% of increase in content knowledge" measure was added to measure subject matter learning for key city-wide leadership training programs.
- ↺ "% of increase Supervisors rating improvement" was changed to measure subject matter learning for key city-wide leadership training programs.
- ↺ "% customers satisfied or very satisfied" was changed to clarify the services being measured as city-wide training as opposed to other services delivered under this Core Service.

Core Service: Performance Development
Human Resources Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Number of City-wide Mentoring *Pairs Entering/Completing Program*	New	53/50	120/102	120/102
Cumulative % of Supervisory positions that are graduates of the Leadership and Supervision Academy	New	New	82%	85%
Number of training classes offered	198	175	160	160
Number of training hours provided	984	1,331*	710**	750
Number of training registrations processed	3,039	2,700	2,226	2,300
Number of training attendees	1,827	1,238	1,222	1,250

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: Yes[1]

[1] Changes to Activity & Workload Highlights from the 2005-2006 Adopted Operating Budget:
- + "Number of City-wide Mentoring Program Pairs" measure was added as an output measure for this new program.
- + "Cumulative % of supervisory positions" was added to measure progress toward goal of training supervisory personnel.

* The variance from forecast to estimate for 2005-2006 is under review, and based on that review, the 2006-2007 target may be significantly different.

** Reflects a change in methodology for this measure.

Performance Development Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 266,485	$ 195,421	$ 497,344	$ 600,179	207.1%
Non-Personal/Equipment	0	0	1,000	101,000	100.0%
Total	**$ 266,485**	**$ 195,421**	**$ 498,344**	**$ 701,179**	**258.8%**
Authorized Positions	**2.00**	**2.00**	**4.00**	**5.00**	**150.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Performance Development

Human Resources Department

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS			
1. Workforce Planning and Diversity Management	**1.00**	**202,835**	**202,835**

This action funds the addition of a Senior Analyst position and provides $100,000 in one-time funding for consulting services to design and implement a city-wide Workforce Planning and Diversity Management initiative. This initiative will address workforce planning issues in light of the pending retirement of approximately one third of the City's current workforce in the next five years, as well as the City's diversity hiring challenges. (Ongoing costs: $111,712)

Performance Results:
Quality, Customer Satisfaction The organization will be prepared to implement a comprehensive strategy to continue its high level of service to customers by recruiting and developing employees to minimize the impact of the retirement of its most seasoned employees. New and additional staffing needs will be better anticipated and addressed proactively, and organizational systems and processes will be analyzed to ensure that the City's workforce, at all levels, is diverse. This program will also enhance the effectiveness of our existing workforce.

2006-2007 Adopted Core Service Changes Total	**1.00**	**202,835**	**202,835**

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Core Service Purpose

Plan, design and construct public facilities and infrastructure.

Key Operational Services:

☐ **Airport Infrastructure**
☐ **Parks and Recreational Facilities**
☐ **Public Buildings**
☐ **Streets and Transportation Facilities**
☐ **Storm Sewers and Sanitary Sewers**

Performance and Resource Overview

Public Works Department responsibilities in this core service focus on the plan, design, and construction of public facilities and infrastructure. This core service supports a number of other City Service Areas (CSAs), including Transportation and Aviation Services, Neighborhood Services, Public Safety, and Environmental and Utility Services. It is a primary partner in the Strategic Support CSA and supports the following outcome: *Safe and Functional Public Infrastructure, Facilities and Equipment.*

Even though economic challenges in the region persist, the City's Capital Improvement Program (CIP) continues to bring significant improvements to San José and meet the challenge of delivering quality capital projects that address the needs and expectations of San José residents. A growing City population requires the expansion of air travel capacity, improvements in traffic and parking, replacements of aged storm and sanitary sewer systems, new and renovated recreational facilities and libraries, and improvements in public buildings that house staff that provides City services.

In 2006-2007, it is anticipated that the Public Works Department will manage $197 million in projects. These projects include the ongoing construction of library, parks and recreation, and public safety bond funded projects. The projected workload does not include workload from the Airport Master Plan. An analysis of staffing requirements to support the airport expansion is under review and the final recommendation is expected in fall, 2006. The core service will continue to focus on the effective delivery of capital improvement projects and achieving project delivery design and construction goals. In 2006-2007, the number of capital funded positions in this core service will total 261.06 positions. The Department will manage resources as necessary to ensure all work programmed for 2006-2007 is completed.

According to data collected through February 2006, 78% of customers rate Public Works design and construction services as good or excellent based on accuracy, timeliness, and quality of the final product. Additionally, survey results indicated that 78% of projects attained the established design and construction goals, below the target of 85%. Of the 32 project surveys received, 25 rated Public Works services as good or excellent in both areas. Only five projects were rated as satisfactory and the other two projects were rated as fair. Comments submitted on these seven surveys indicated a desire for more frequent communication between project teams and client departments. Staff will work aggressively to improve in this area in the upcoming year; therefore the 2006-2007 estimate for this measure will remain the same (80%).

The following are descriptions and activities for 2006-2007 that Public Works supports in each of the City Service Areas (CSAs) within the Plan, Design, and Construct Public Facilities and Infrastructure core service.

Environmental and Utility Services CSA

The Storm Sewers and Sanitary Sewers Operational Service support the Environmental and Utility Services CSA outcome *Reliable Utility Infrastructure.*

Storm Sewers

The 900-mile Storm Sewer System, which is separate from the Sanitary Sewer System, collects and conveys storm water runoff to nearby creeks and rivers. Major projects budgeted in the 2007-2011 Adopted CIP include the design and construction management of the following projects: Albany-Kiely Storm Drainage Improvement Phases III and IV, Chateau Storm Drain Improvement Phases I and II, Outfall Rehabilitation, Storm Pump Station Rehabilitation and Replacement, Storm Drainage Improvements in Special Corridors, and the Willow Glen-Guadalupe Storm Drain Improvement Phase III. These projects will include, where applicable, the installation of technology and infrastructure that is designed to improve the water quality and the conveyance of storm runoff to creeks and rivers.

Other major efforts, as programmed in the Storm Sewer Operating Fund, are the implementation of the Regional Water Quality NPDES Permit, Provision C.3 requirements, and the Hydromodification Plan (HMP). Provision C.3 requires the City to implement measures to control pollution from storm sewer systems to the maximum extent possible, and HMP intends to develop means to control the quantity of storm runoff to creeks and rivers. The City has adopted a policy to ensure the reduction of pollutant discharges from new, redevelopment, and public projects through incorporation of treatment and other appropriate source control and site design measures. C.3 and HMP require hydraulic design and sizing of storm water treatment and pollution control basins and related facilities. City engineering, planning, and environmental services staff work collaboratively to achieve these objectives.

In recognition of Council's attention to neighborhood services and to support local storm drainage systems, the Storm Sewer CIP continues to direct funding toward the design and implementation of storm drain improvements in neighborhoods. The program will focus on pedestrian corridors within residential neighborhoods and walking routes to schools and public facilities. Consideration

Environmental and Utility Services CSA (Cont'd.)

Storm Sewers (Cont'd.)

will also be given to neighborhood business districts as a means of supporting Council's priority for stimulation of the local economy.

The Storm Sewer System CIP receives modest revenues, and the program has had to significantly scale back its delivery of capital improvement projects accordingly. For that reason, the Environmental and Utilities CSA has sought and obtained a three-year rate increases that will restore the viability of the program. In 2005-2006, the program was in the first of three years of a 4.5% rate increase strategy to support an enhanced capital program. This strategy will remain in effect through 2007-2008. Without these increases, most of these projects and numerous other investments in this CIP would need to be dropped or delayed.

In addition, efforts have been and will continue to be made for this CIP to leverage funds from other entities for the implementation of storm drainage capital projects. The San José Redevelopment Agency's SNI program, City departments, and the Community Development Block Grant program have partnered with the Storm Sewer program for mutual benefit.

Sanitary Sewers

The Sanitary Sewer System consists of approximately 2,150 miles of sewer mains ranging in diameter from 6 to 90 inches. The system serves the City, as well as three other jurisdictions, and conveys sewage to the San José/Santa Clara Water Pollution Control Plant (WPCP). The value of the system is estimated at $1 billion.

Expenditures for Sanitary Sewer projects are forecast to total $123 million over the next five years, of which $55.1 million is allocated in 2006-2007. Program funding is allocated to construct sewer improvement projects that either enhance sewer capacity in substantially built-out areas or rehabilitate existing sewers, with higher priorities given to those with extensive, severe deterioration.

The majority of program efforts will be focused on high priority rehabilitation projects over the next five years. Within the Sanitary Sewer Program, rehabilitation projects are prioritized based on studies, maintenance records and reports, and observed pipeline deficiencies. Major rehabilitation projects include phases VI and VII of the North San José Interceptor system. In addition, major capacity projects in the 2007-2011 Adopted CIP include the Edenvale Phase VA and VB projects, which provide capacity and support economic development in the Edenvale Redevelopment Area and augment the capacity in parallel systems that serve central San José.

In recognition of Council's priority to neighborhood services, additional emphasis has been given to the study, design, and implementation of neighborhood sanitary sewer rehabilitation projects over the next five years to improve the reliability of neighborhood sewer collection systems. In addition,

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

Environmental and Utility Services CSA (Cont'd.)

Sanitary Sewers (Cont'd.)

staff continues to advance projects intended to eliminate inflow and infiltration (I & I) of groundwater into the sewer system. These I & I projects restore capacity in the system and reduce the treatment costs for the WPCP.

Actively monitoring the condition and capacity of the City's sewer collection system allows staff to proactively respond to development related capacity demands and to anticipate the 2020 General Plan build-out of the urban service area. As part of the 2004-2005 Adopted Operating Budget, the City Council approved a three-year sanitary sewer rate increase of 4.5% annually. The Department's staff will continue to actively prioritize the available funding to address the sewer capacity challenges in support of the North San José Intensification program and Evergreen Smart Growth.

Neighborhood Services CSA

The Parks and Recreational Facilities and Public Buildings Operational Services support the Neighborhood Services CSA outcomes *Safe and Clean Parks, Facilities and Attractions; Vibrant Cultural, Learning and Leisure Opportunities;* and *Healthy Neighborhoods and Capable Communities.*

In November 2000, voters approved the Parks and Library Bond Measures that provided funding for the construction of recreation and library facilities. Projects in this CSA that were completed in 2005-2006 include Camden Multi-Service Center, San Tomas Aquino/Saratoga Creek Trail, Fuller Park, the second phase of the Dr. Roberto Cruz Alum Rock Branch Library, the Rosegarden Branch Library, and the Almaden Community Center and Branch Library. Construction contracts were awarded and construction was begun on the following projects: Alum Rock Park Service Yard, the Los Gatos Creek Trail Reach 4, Fowler Creek Park, and the Edenvale Branch Library.

In 2005-2006, construction was finished on the City's first joint library and community center; the Almaden Community Center and Branch Library. This new joint facility was designed to combine community services and branch library functions in one building. It is the first of several such joint facilities intended to improve the efficiency of delivering neighborhood services. The Almaden facility will provide the community with a 64,000 square foot building composed of a 40,000 square foot community center and a 19,000 square foot library. Specific amenities include a gymnasium, a children's classroom, computer labs, a cooking classroom, and an internet café.

Public Works continues the effort of identifying opportunities to collaborate with other departments on various aspects of capital improvement projects. For the Roosevelt Community Multi-Service Center Project, Public Works, Cultural Affairs, and Environmental Services are working together to implement the public art component of the project. Public Works and the Environmental Services Department are also collaborating on the design of the parking lot that is a part of the future

Core Service: Plan, Design and Construct Public Facilities and Infrastructure
Public Works Department

Performance and Resource Overview (Cont'd.)

Neighborhood Services CSA (Cont'd.)

expansion of Happy Hollow Park & Zoo. The parking lot project is located on the Roberts landfill site adjacent to Coyote Creek. Various possibilities under consideration are to control storm water runoff, including bio-swales, retention ponds, and porous paving, which are required to meet State and local ordinances.

Public Works is identifying the best opportunity to utilize in-house staff to manage and design projects, with the exception being when external resources are required either for expertise or in order to provide adequate capacity to meet schedule requirements. Both Fuller Park and Fowler Creek Park were designed with a goal of utilizing the skills of in-house staff.

Public Safety CSA

The Public Buildings Operational Service supports the Public Safety CSA outcome *The Public Feels Safe Anywhere, Anytime in San José.* The voters approved the Neighborhood Security Act Bond Measure in March 2002. The programs consist of $159 million to fund Police and Fire Departments' capital improvements, relocations, and renovations of public safety facilities.

Public Works provides for the design and construction of improvements to Public Safety buildings and sites. These projects include the design and construction of updated technology and infrastructure that will result in improved response times to emergency incidents, improved public access to services, and improved working conditions for public safety employees. Major projects delivered in 2005-2006 include: the completion of the West Community Policing Center located in the West San José Community Center, completion of the installation of emergency generators at Fire Stations 4, 13, and 26, completion of the design/bid documents for two Fire Station relocation projects (Stations 17 and 25) and two new Fire Stations (34 and 35) for start of construction in summer 2006. Lastly, Public Works completed the acquisition of land for the South San José Police Substation.

As part of the Adopted 2007-2011 CIP, the South San José Police Substation will house a portion of existing Police employees who will be moved to this new location to improve active patrol time. This $65 million project will measure 107,000 square feet and rest upon 10.5 acres of land which was acquired in December 2005. It is the largest project in the Public Safety Bond program. The South San José Police Substation will be a LEED Certified facility and several options are currently under evaluation for incorporating a Green Roof system, as well as on-site storm water management. Public Works has completed the schematic design and is currently in the middle of design development. This project is scheduled to conclude the design phase in late summer 2007, with the construction contract being awarded in November 2007. The project also includes one of the largest public art components within the program. The selection process for artists to collaborate in this effort is complete.

Transportation and Aviation Services CSA

Airport Infrastructure

The Airport Infrastructure Operational Service contributes primarily to the following two Transportation and Aviation Services CSA outcomes: *Travelers have a Positive, Reliable, and Efficient Experience,* and *Preserve and Improve Transportation Assets and Facilities.*

The Public Works Department contributes to the implementation of the Airport Master Plan by providing engineering and construction management services related to the implementation of the Airport CIP. On November 15, 2005, the City Council approved revisions to the Airport Master Plan. The revised program is estimated at $1.5 billion through 2017 and the first elements of these revisions are included in the 2007-2011 Adopted CIP.

The Airport's Capital Program is focused on the completion of construction of the North Concourse Building as well as implementation of a new Terminal Area Improvement Program. The Terminal Area Improvement Phase I appropriation, included in the CIP, provides funding for a number of projects that will be managed through a design-build contract and is scheduled for award in fall 2006.

The Airport 2007-2011 Adopted CIP provides funding of approximately $1.4 billion. Some of the major focuses of this CIP include:

Airport Terminal Facilities: Passenger terminal facilities projects, totaling $770.9 million, include the construction of the North Concourse Building and the Terminal Area Improvement Program, Phases I and II, with such projects as: Terminal A improvements, Terminal B- Phase 1, Temporary Terminal C Passenger Processing Facility, Demolition of Terminal C, and various roadway projects all being completed through the use of a design-build contract; Phase II includes several demand-driven projects, including phase II of Terminal B, anticipated for completion in 2017.

Airport Parking Facilities: A total of $234.0 million related to parking facilities projects are programmed in the five-year CIP. Projects include a 4,000-6,000 space, multi-level consolidated rental car facility and 2,250 space public parking garage, subject to the outcome of a financial feasibility analysis currently being completed.

Streets and Transportation Facilities

The Streets and Transportation Facilities Operational Service supports the Transportation and Aviation Services CSA outcomes: *Provide Viable Transportation Choices that Promote a Strong Economy* and *Preserve and Improve Transportation Assets and Facilities.* Until recently, expenditures on street maintenance were guided by a 10-Year Street Maintenance Recovery Plan that began in 1996-1997. From 2002, the percentage of streets rated in "fair or better" condition decreased from 93% to 81%.

Transportation and Aviation Services CSA (Cont'd.)

Streets and Transportation Facilities (Cont'd.)

Given the current economic restraints on the General Fund as well as the revenue sources supporting the Traffic Capital Program, the focus of the street maintenance effort will be on *preventative maintenance, including surface seal treatments.*

Staff has been successful in delivering a combination of street lighting and traffic signal projects. During 2005-2006, an estimated 367 new streetlights will be installed and approximately 143 existing streetlights were upgraded. *Given funding constraints, capital funding for new streetlights and* traffic signals will continue to be funded on a minimal basis.

Strategic Support CSA

The Public Buildings Operational Service also supports the Strategic Support CSA outcomes *Safe and Functional Public Infrastructure, Facilities and Equipment* and *Effective Use of State-of-the-Art Technology.*

Public Works provides for the design and construction of improvements to municipal buildings and sites including City Hall, City parking garages, museums, service yards, and the Convention Center. In 2005-2006, the Department managed the construction of the City Hall Parking Garage, which is scheduled for completion in fall 2006, completed the design for the Second/San Carlos Parking Garage Seismic Retrofit, completed the design for improvements at the Convention Center Parking Garage, served as an information and advisory resource for the feasibility assessment by the San José Museum of Art for the re-use of the former Dr. Martin Luther King Jr. Library building, and completed additional interior and landscape improvements at the Animal Care Center.

The Department also prepared the architectural programming and bid documents for the Central Service Yard Phase II project to be implemented by the low-bid design-build method. This project will relocate existing General Services and Parks, Recreation and Neighborhood Services offices and operations from the Japantown Main Yard site to the Central Service Yard to consolidate City services. The relocation of these operations creates an opportunity to redevelop the Japantown site. This project includes the design and construction of three buildings and tenant improvements to the existing facility. This project features 64,000 square feet of new construction, 26,000 square feet of retrofitting, and a $24.4 million construction budget. The Central Service Yard is the first architectural design/build project of this size for the City. Construction began in March 2006 and is scheduled for completion in summer 2007.

In-house staff was utilized to complete the bid document for the Central Service Yard Phase II project. The bid package was meticulous in detail and thoroughly informative in order to limit questions or confusion regarding the end product. Contractors were pre-qualified for the project to identify sustainable contractors with appropriate budget in the design/build method of delivery.

Performance and Resource Overview (Cont'd.)

Strategic Support CSA (Cont'd.)

Formal partnership with the contractor is stipulated in the project scope for establishing and maintaining a positive working relationship throughout the project. City staff will manage the construction contract and provide inspection of this sizable project.

Plan, Design and Construct Public Facilities and Infrastructure Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
🎯 % of delivered projects that attain established design and construction goals	83%	85%	78%	85%
🎯 % of projects completed within the approved baseline budget	85%	90%	88%	90%
$ % of Public Works costs (exclusive of city-wide overhead) for the design and construction phases of a project compared to total construction costs for completed projects:				
Less than $500,000	35%	TBD*	31%	TBD*
Between $500,000 and $3M	31%	TBD*	21%	TBD*
Greater than $3M	12%	TBD*	N/A	TBD*
Total (all construction costs)	24%		27%	
🕐 % of projects-designed and constructed by Public Works within approved baseline schedule	77%	85%	93%	85%
🎗 % of customers rating design and construction services as good or excellent based on accuracy, timeliness, and quality of final product	70%	80%	78%	80%

Changes to Performance Measures from 2005-2006 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2005-2006 Adopted Budget

↺ "% of projects completed" was revised to reflect only services provided by Public Works. The delay of projects may result from other factors and be beyond Public Works' control. Therefore, the Department will be accountable for only the design and construction timeframe.

* The target will be established in 2007-2008 when adequate sample data becomes available.

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

	Selected Operational Measures	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
🕐	Operational Service: Airport Infrastructure- % of projects designed and constructed by Public Works within approved baseline schedule	67% (2 of 3)	85%	100% (4 of 4)	85%
🕐	Operational Service: Parks and Recreation Facilities- % of projects designed and constructed by Public Works within approved baseline schedule	74% (43 of 58)	85%	82% (22 of 27)	85%
🕐	Operational Service: Public Buildings- % of projects designed and constructed by Public Works within approved baseline schedule	100% (7 of 7)	85%	83% (5 of 6)	85%
🕐	Operational Service: Streets and Transportation-Facilities % of projects designed and constructed by Public Works within approved baseline schedule	71% (25 of 35)	85%	100% (34 of 34)	85%
🕐	Operational Service: Storm Sewers and Sanitary Sewers % of projects designed and constructed by Public Works within approved baseline schedule	89% (8 of 9)	85%	100% (11 of 11)	85%

Changes to Operational Measures from 2005-2006 Adopted Budget: Yes[1]

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[1] Changes to Operational Measures from 2005-2006 Adopted Budget

🕐 "% of projects completed" was revised to reflect only services provided by Public Works. The delay of projects may result from other factors beyond Public Works' control. Therefore, the Department will be accountable for only the design and construction timeframe.

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast**	2005-2006 Estimated**	2006-2007 Forecast***
Number of construction projects delivered	103	82	92	85
Total construction cost of projects*	$443M	$127M	$118M	$163M

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

* For multi-year projects, the total construction costs are reflected in the year the project is completed rather than spread over multiple years.

** The 2004-2005 Actual includes the total construction costs for the City Hall, except for the parking garage.

*** The Forecast data does not include the Airport Master Plan.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

Plan, Design, and Construct Public Facilities and Infrastructure Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 28,719,895	$ 28,648,573	$ 30,847,038	$ 30,376,585	6.0%
Non-Personal/Equipment	293,729	183,920	188,920	188,920	2.7%
Total	**$ 29,013,624**	**$ 28,832,493**	**$ 31,035,958**	**$ 30,565,505**	**6.0%**
Authorized Positions	**299.68**	**284.13**	**279.91**	**275.31**	**(3.1%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT			
1. Public Works Program Support Fund Redeployment	**(2.60)**	**(268,375)**	**(69,401)**

This action shifts 2.6 positions (1.0 Staff Specialist, 1.0 Analyst, 0.35 Associate Construction Inspector, 0.25 Senior Engineer) to the Strategic Support section of this CSA. Funding for these positions is included in the Public Works Program Support Fund that is used to support the capital and bond programs. This funding shift more effectively aligns Public Works resources with anticipated workload for 2006-2007. (Ongoing savings: $268,375)

Performance Results:
No change to service levels should result from this action.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES AND EQUIPMENT (CONT'D.)			
2. Capital Improvement Program Staffing Reallocation *to Public Works Fee Program*	(2.00)	(202,078)	0

This action redeploys 2.0 positions (1.0 Engineer and 1.0 Associate Engineering Technician) that currently support the Capital Improvement Program (CIP) to the Public Works Development Fee Program, which is reflected in the Regulate/Facilitate Private Development core service in the Community and Economic Development CSA. The demand for increased service in the Fee Program, combined with the decrease in projects supported by the CIP, necessitates this shift in order for the Fee Program to achieve cycle time targets and keep up with the workload. (Ongoing savings: $202,078)

Performance Results:
Quality This action will have no effect on the quality or timeliness of project delivery as the reductions align with anticipated workload reductions in the CIP.

2006-2007 Adopted Core Service Changes Total	(4.60)	(470,453)	(69,401)

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Core Service Purpose

Manage the City's data so that critical business processes remain operational; determine, develop, implement and support technology solutions that maximize the delivery of enterprise City services.

Key Operational Services:

- ☐ **Database Administration**
- ☐ **Business Systems**
- ☐ **Customer Service and Performance Management System**
- ☐ **Geographic Information System**
- ☐ **Web Design**
- ☐ **Document Management**
- ☐ **Financial Management System**
- ☐ **PeopleSoft HR/Payroll**
- ☐ **Permits Online**
- ☐ **Capital Projects Management System**

The purpose of the Provide Enterprise Technology Systems and Solutions core service is to determine, develop, support, and administer critical data systems to ensure the quality and availability of data in a manner that meets the organizational needs of the City. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

Database Administration

In 2005-2006, efforts continued to identify information from the City's business applications that need to be shared and stored in a central location. The central data store contains information from the City's Financial Management System (FMS), Human Resources/Payroll, San José Permits Online, Geographic Information System (GIS), and Business License systems. Current applications that use the shared data include the Capital Projects Management System (CPMS) and San José Permits Online applications, as well as several other departments using the database for analytical purposes. Storing information in this way, although useful for interfacing applications, is not an efficient tool for performing analysis and forecasting. A data warehouse is the proper decision support tool specifically designed for non-technical staff to perform computer-generated analyses of data on their own with no assistance from IT staff. With a data warehouse City analysts can search information from several systems at once like FMS, HR/Payroll, and CPMS, for example, to produce one report instead of running reports on separate systems to obtain the same results.

Efforts have commenced to establish an Enterprise GIS database. The plan is to use the address information from this GIS database to create a Unified Customer Database (UCD). The goal of the UCD is to identify customers in all financial and business applications (such as Customer, Utility Billing and Hauler Contract Management systems, Business License, Multiple Housing, and San José Permits Online) and provide an accurate master list of the latest information such as valid mailing addresses and contact information. The UCD will be the foundation for the Integrated

Performance and Resource Overview (Cont'd.)

Database Administration (Cont'd.)

Cashiering System, which will allow customers to pay for fees from multiple departments and systems in a single transaction at City Hall.

The city-wide data administration function includes monitoring, maintenance, and implementation of patches and upgrades, which improves the stability and performance of enterprise databases. Performance is measured by the enterprise level databases of the Financial Management System (FMS) and the Peoplesoft HR/Payroll System. The estimated percentage of time data will be available during 2005-2006 is 99%, representing a stabilization of the state of databases (the actual availability for 2004-2005 was 99%). The target for 2006-2007 remains at 100%.

Business Systems

Oversight continued for a major redirection of resources from central support of the existing VAX mainframe to support a network of integrated applications. Much analysis was performed to map migration paths for each application and to combine efforts and resources when possible. Internal staff was the main resource used to reprogram the archaic applications to new platforms or to incorporate them into existing systems. As a result, new applications running on updated technology sharing information vital to City services are now more efficient to support and maintain. A total of 124 applications ran on the VAX in 2004. By the end of 2005-2006, only two applications with no migration plan will remain. In the future, funding will need to be identified to migrate the existing applications in order to improve the level of service provided to internal and external customers, and retire the equipment which still resides at the Old City Hall network operation center (OCH NOC).

The department is responsible for approximately 82% of 9,300 e-mail boxes city-wide. In 2004-2005 the department began deploying Active Directory to all directly supported departments. Active Directory will provide a single city-wide authentication model and a single administration model. Thus the implementation of Active Directory will facilitate the reduction of overlapping services currently provided by various City technology groups. This technology will also be an enabler for other applications and will provide single sign-on capabilities for future initiatives such as the Interactive Voice Recognition Corporate Phone directory application, PeopleSoft HR/Payroll application enhancements, Voice Over Internet Protocol (VoIP) unified messaging, and network based fax components. With 85-90% of the departments migrated to Active Directory in 2005-2006, the Information Technology Department (ITD) will look to continue extending the above mentioned benefits.

In 2005-2006, upgrade of the current e-mail system to Exchange 2003 continued. Exchange 2003 will provide increased availability of e-mail services through the use of a clustered e-mail system, better disaster recovery through a comprehensive backup strategy, and improved functionality through new versions of Outlook Web Access. Although portions of the hardware purchased for the upgrade have been reallocated to higher projects, ITD continues its internal testing and

Business Systems (Cont'd.)

anticipates completion of the rollout in 2007-2008.

The estimated 2005-2006 performance level is 99.5% for e-mail system availability during business hours as compared to the target of 100%. Factors that may negatively affect e-mail system availability include virus attacks and corrupt message errors, such as headers exceeding byte limits, message-forwarding loops and migration of e-mail accounts to the new e-mail system. Systems availability in 2005-2006 for FMS and the Peoplesoft HR/Payroll System are estimated to meet the targets of 99.0%.

Consolidated Utility Billing System (C-UBS)

On May 10, 2005, the City Council adopted a resolution to execute an agreement for services between the City of San José and BearingPoint, Inc. to implement the Consolidated Utility Billing System (C-UBS). C-UBS is an application that addresses three main functional areas: Customer Relationship Management; Utility Billing System; and Partner Relationship Management for city-wide utility billing needs. The City Council approved the purchase of the PeopleSoft Enterprise Revenue Management software and five Customer Relationship Management modules to be implemented as part of the overall C-UBS project to facilitate the integration of several of the City's existing call centers. The project was scheduled to 'go-live' in July 2006.

Geographic Information Systems (GIS)

Nine City departments and the Redevelopment Agency now use GIS technology to make decisions, share information, or deliver customer service. The City of San José also participates in a regional data-sharing agreement with the County of Santa Clara and the San José Water District. Funding restrictions and prevailing governance structures have prevented the creation of a centralized GIS data store, resulting in the development of independent data repositories within individual departments. The enterprise GIS strategy for the City of San José, as supported by the Information Technology Planning Board in September 2005, is to establish a centralized GIS infrastructure administered by the Information Technology Department with data management responsibilities held by the line departments that are the primary users. Once an existing reserve is appropriated, now scheduled for Council action in May, the basic infrastructure will be established. A strategic plan for Citywide Geographic Information Systems implementation will be documented for 2006-2007.

Web Design

In order to assist departments to post information to the City's website, the web team researched and developed a process where non-technical City staff can update website content. This is accomplished through the use of a software product called Contribute, made by Macromedia.

Performance and Resource Overview (Cont'd.)

Web Design (Cont'd.)

Although this solution meets the immediate need of updating web content, the process has proven to be cumbersome and requires end-user departments to have technical expertise in order to post information. To meet the objectives of the Sunshine Reform, as well as customer service commitments, City staff will be required to develop an integrated front-end solution to automate website management.

Document Management

Work to streamline the agenda and minutes preparation process and to automate labor-intensive systems for the City Clerk's Office was started in 2004-2005. In 2005-2006, efforts were underway to define requirements for a city-wide electronic document management system to support the January 25, 2005 Mayor and City Council directive for processing Public Records Act requests, as well as to support the March 21, 2006 Sunshine Reform recommendations.

In light of these initiatives, the time is right for the City to adopt an overall strategy for managing documents, business processes, and web content. In order to meet the objectives of the Sunshine Reform and serve our customers efficiently, the City will be required to manage, share, store, and retrieve the dynamic information needed for service delivery.

Committing resources to the degree required to implement and support new technology at City Hall while maintaining existing shared systems continues to challenge this core service's ability to meet the technology demands of the organization. As a result, the performance measure "% of service requests resolved within established guidelines: 4 hours for all other requests" decreased to 59% in 2004-2005 compared to the actual 2003-2004 performance of 81%. The performance target was reduced for 2005-2006 (from 85% in 2004-2005). The target has been adjusted to 70% for 2006-2007.

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Performance and Resource Overview (Cont'd.)

	Provide Enterprise Technology Systems and Solutions Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
🎯	% of time data is available to approved data users during normal business hours	99%	100%	99%	100%
🎯	% of time system is available during normal business hours				
	- E-mail	99.7%	100.0%	99.5%	100.0%
	- Financial Management System	98.9%	99.0%	99.0%	99.0%
	- PeopleSoft	99.5%	99.0%	99.0%	99.0%
🕒	% of service requests resolved within established guidelines:				
	- 1 hour for urgent requests	62%	70%	65%	70%
	- 4 hours for all other requests	59%	60%	60%	70%
🎗	% of customers rating data availability and quality of data as good or excellent				
	- availability	71%	80%	80%	80%
	- quality	70%	80%	80%	80%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Number of centralized E-mail users	6,987	7,300	7,650	9,300
Number of FMS users	795	700	825	900
Number of PeopleSoft users	5,352	6,500	5,400	6,500
Number of application repair requests	939	950	1,000	1,100

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Provide Enterprise Technology Systems and Solutions Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,958,731	$ 3,923,553	$ 4,477,629	$ 4,659,996	18.8%
Non-Personal/Equipment	1,129,804	559,061	1,696,144	1,711,709	206.2%
Total	**$ 5,088,535**	**$ 4,482,614**	**$ 6,173,773**	**$ 6,371,705**	**42.1%**
Authorized Positions	**32.50**	**33.50**	**34.50**	**35.50**	**6.0%**

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* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Consolidated Utility Billing System (C-UBS) Implementation	**1.00**	**186,932**	**0**

This action will fund temporary staffing (2.0 Information System Analyst positions) to provide technical support during the implementation phase (July thru October 2006) of the Consolidated Utility Billing System. In addition, the addition of a permanent Network Engineer position for night batch operations of C-UBS is also approved. (Ongoing costs: $107,992)

Performance Results:
Quality, Customer Satisfaction Continued technical support for the C-UBS system will ensure technical functionality of the newly implemented software. Risk for the loss of system availability will be decreased.

2. Rebudget: FMS Maintenance		**11,000**	**11,000**

This action rebudgets unexpended 2005-2006 funds for FMS maintenance and technical support. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2006-2007 Adopted Core Service Changes Total	**1.00**	**197,932**	**11,000**

Core Service: Purchasing and Materials Management

Finance Department

Core Service Purpose

To purchase and provide quality products and services in a cost-effective manner.

Key Operational Services:

- ☐ **Procurement**
- ☐ **Central Services**
- ☐ **Records Services**
- ☐ **Warehouse Services**

Performance and Resource Overview

Purchasing and Materials Management employees provide services daily to all City departments. This core service contributes to the Strategic Support CSA outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* The goal of this core service is to provide timely and reliable services to all CSAs to assist departments in achieving their service delivery goals to residents, as well as to spend public funds wisely through competitive processes and cooperative purchasing with other government agencies while reaching out to the local vendor community. Prior to 2005-2006, these services were managed by the General Services Department and contributed to the Strategic Support outcome: *Safe and Functional Public Infrastructure, Facilities and Equipment.*

Procurement

In response to Council approved Civil Grand Jury recommendations in 2005-2006, the Procurement section began implementation of comprehensive procurement reforms. These reforms were approved by Council in December 2005, directing staff to return with ordinance changes governing the procurement of goods and services to enhance procurement transparency and openness through centralization of professional services contracting and increasing the contract approval authority from $100,000 to $1 million. Additionally, Council directed staff to develop a Council Policy titled "Integrity and Conflict of Interest in Procurement," modeled after the Procurement Process Integrity Guidelines.

To implement the centralization of professional services, two Senior Analysts were approved to be added to oversee the procurement process for professional services. Procurement will train departmental staff and develop manuals, form letters, and handouts for a decentralized procurement process for professional services. To ensure compliance with the Council approved Procurement Reforms, Procurement will review Requests for Qualifications and Requests for Proposals and related addenda prior to issuance, review evaluation forms, and hear any protests. Contracts for professional services will be signed by the Director of Finance.

In addition to the two Senior Analysts, Procurement will purchase a hosted e-procurement solution. The solution will streamline and facilitate interaction with the vendor community.

Procurement *(Cont'd.)*

It will encompass a vendor on-line registration, email notification, and on-line bidding tool. Additionally, the e-procurement system will allow the City to reach out more effectively to and collect emergency contact information from the local vendor community.

In 2005-2006, the Procurement section improved the Request for Proposal process and successfully completed the procurement of the Information Technology (IT) System for the San José Norman Y. Mineta International Airport valued at $9 million. The Airport IT systems included under this procurement consist of a set of IT functionalities that enhance the travelers' experience at the Airport and operational functionalities necessary to support the Airports' business environment.

Additionally, Procurement is in the process of leading the Recycle Plus contract valued at $125 million over the next six years. The Recycle Plus contract will replace an existing contract providing garbage collection, recycling, and yard trimming and street sweeping services for two City Garbage Collection and Recycling Service Districts.

In 2005-2006, the "% cost savings achieved through the purchasing process" performance measure is estimated at 6%, below the target of 9%. This is primarily due to the market for large purchases being less competitive than anticipated. It is expected that the "% of cost savings for 2006-2007" will be 5%.

Central Services

Central Services is comprised of the Mail Room, Copy Center, Surplus Goods Management, Moving Services, and Recycling Services. In 2005-2006, Central Services played an active role in the donating and recycling of surplus furniture from Old City Hall and leased facilities. Recycling Services participated in the city-wide battery recycling program and registered with the State of California as a Universal Waste handler, allowing the City to receive reimbursements from the State's CRT recycling program.

Prior to the move to the new City Hall, Central Services finished sorting mail received from the United States Postal Service by 10 a.m. Due to the consolidation of City offices in City Hall, the City Mail Room sorts mail for approximately 1,700 employees versus 600 employees in the old City Hall. To adjust for the increased volume, the time commitment for completing the daily sorting of mail was moved to noon.

For 2006-2007, reforms to mail and inter-office mail processing will be implemented. Departments will be encouraged to increase departmental communication via email, fax, US Postal Service, and courier services. In addition, mail routes to Community Service Centers and Fire Battalions will be eliminated, and one Warehouse Worker position responsible for inter-office mail

Performance and Resource Overview (Cont'd.)

Central Services (Cont'd.)

service for these facilities will be eliminated. Mail routing to high volume mail routes, like the Dr. Martin Luther King, Jr. Library, the Retirement Services Department, or the Central Service Yard will continue.

Records Services

Records Services implemented a pilot process to facilitate the transfer of records from departments to the Records Center at the Central Service Yard. Since the space for records storage became inadequate in 2005-2006, the Records Center will be expanded by the end of 2005-2006 to hold an additional 3,000 record boxes as part of the reorganization of the Central Service Yard. In accordance with the City's record retention policy, records that are no longer needed for retention were previously handled by a shredding service. In 2005-2006, staff utilized a local paper mulching plant instead of a shredding service and will evaluate the continued use of this process.

In 2005-2006, the performance measure for "% of time a request for a record retention item is picked up within two days" and the activity & workload highlight "Number of record retention requests picked-up within two days" were temporarily not tracked due to the implementation of a Records Transfer system, which is currently in its pilot phase. The Department will work to resolve this issue and reinstate measurement of these efforts.

Warehouse Services

Warehouse Services includes Stores and Central Receiving at the Central Service Yard and at City Hall, and delivery for both scheduled, interdepartmental routing and ad hoc hauling of large items. In 2005-2006, Warehouse staff finished analyzing the Environmental Protection Agency Friendly Commodity List and continued to replace stock items with environmentally preferable products in accordance with the City's Environmentally Preferable Purchasing Policy. In addition, the surcharge to departments for Warehouse services was raised to recuperate operating costs for the Warehouse.

In 2005-2006, the operational measure "% of time a request for a warehouse items is furnished within one day – Delivered" is estimated at 91%, below the target of 98%. This is due to the warehouse staffing of the City Hall Receiving Dock to assist the mailroom with sorting of mail received from the United States Postal Service, resulting in intermittent delivery delays. This measure is expected to be 93% in 2006-2007. Also in 2006-2007, the department will investigate the feasibility of closing the Central Warehouse. Sales from the Warehouse have dropped consistently for the past three years due largely to competition from outside vendors. The Department will issue an RFP for a Just-In-Time (JIT) purchasing contract to test the competitiveness of the Warehouse and will work with the Budget Office to assess future operations.